Previous references.
G. 86-0981-4 B 10.09
46-1088-1-4 B9-10

1911-12

(Banking)

File No. 27-11

Serial Nos. /

[redacted] references.
243 Banking 7-11
G 183 DD-27 12
[redacted]

GENERAL AND REVENUE SECRETARIAT.

Serial Nos. /

Part B. for March 1912

SUBJECT.

Appointment of mr. R. Ranga Rao B.A B.L as an Assistant to the Registrar Cooperative Societies.

/ To the Registrar of Cooperative Societies
Comptroller to Govt:
No 4E 3910-11d 16-3-12

Appoints mr R. Ranga Rao B.A B.L as an Assistant to the Registrar of Coop-tive Societies on probation for one yea

H. Misc 277-11
(Linked with file no
Est. 158 of 1910-11).

G.R.S. 11]

1911-12

GENERAL AND REVENUE SECRETARIAT.

(Banking

NOTES.

File No. 27/11

FILE HEADING.

Mr. R. Raja Rao, B.A.B.L.

From

No. Dated Received

Diary No. Enclos. Spare Copies. Serial No.

BRIEF ABSTRACT OF LETTER.

NOTES AND ORDERS.

NOTES—First Sheet.

GPB—10,000—27-6-11

P. T. O.

G.R.S. 13]

Routine Notes.

[To be used only for notes, requisitions, etc., not intended for permanent record.]

In appointing S. Ramaswamy as a Deputy Registrar of the Registrar Co-operative Societies and in dealing with a recommendation made by him in connection as such it was thought that nothing definite could be done till Ramaswamy's return from England. As Mr. Ramaswamy has now returned may the case be taken up & submitted for further orders

(Illegible) 6/8/11

Submitted to Dewan -

S.9.11

Dewan Sahib

Yes, the question may be discussed & submitted through the Council

8.9.11

Asst Secy to Govt

Ft mus 277

13417

6.9.11

N B—Should routine notes be written on small slips, the notes must be copied, or slips pasted on this form.

GPB—35,000—21-4-09

G. R. S. 12]
General and Revenue Secretariat.

File No. of 19

Serial No.

In proposing the grant of a Scholarship to Mr Ranga Row from the Damodar Doss Scholarship Fund the object of his being deputed for Special Studies in England & the Continent is stated as follows —

Edn 86—09
Ms 164
Oct 09

"It is well known that the Co-operative Credit will be one of the most important factors in the economic condition of India, and it is very desirable that we should have a man like Ranga Row with first hand knowledge of European systems & methods to co-operate with & develop here in Sharma Rows efforts.

Ms 38—09
Ms 1 & 2.
May 1910.

The Secy notes as follows in the file sanctioning additional establt & the Registrar of Co-operative Societies in May 1910.

"In this connection it may be noted that Govt have deputed R Ranga Row to

GPB—50,000—12-8-10

G. R. S. 12]
General and Revenue Secretariat. | File No. of 19

Serial No.

to England to Study Economics with Special reference to the Cooperative movement & that he will be due to return a year hence. He will in all probability prove useful as an Assistant to the Registrar & may well be appointed with the pay & Status of a Dy Asstt Dar or Asstt Dar. It will therefore be desirable not to fill up permanently the place of Dy Asstt Dar now asked for by the Registrar — which was accordingly done. (Vide f. o H 53-38-47 § 12-5-1910).

K

B 9-11 dls 9x10
Filed July 1911
Haf. 10

Again when the Registrar asked for the confirmation of Mr E Rama Row as Senior Inspector of Cooperative Societies as Dy Asstt Dar the Secy noted —

So far as E Rama Row is concerned there would be no inconvenience if his

NOTE—Contn. sheet.

GPB—50,000—12-8-10

appointment of the Status of the Dy Asst Dir is continued on the a temporary footing for another year, by which time Ranga Row will have returned from Europe & such could decide upon the way in which his services could be put to the best advantage.

Ind W
11/7 Jr. Asst-9

It is clear from the rules already recorded and enacted above that Mr Ranga Rao after his return from England should be given a billet in the Co-operative Societies Deptt. It seems also to me in the interest of Govt also to attach him to that Deptt where in a Colonial element his talents may find useful employment. He cannot be thrown away on any other Department.

It is also seen that the number of Societies are now over near 150 and are continuing to increase and the outlook is bright. Where Societies should not share the fate of the Agricultural Banks, where auditors & Associations are even better & almost ideal than the rules of the Co-operative

GPB—50,000—12-8-10

Serial No.

Societies, close and constant supervision & part agency will be required. From the last report it is seen that only 27 Societies were inspected. This cannot be considered as satisfactory. Frequent inspections & an office of some status - I submit that your Inspector on 40 660 - is the necessary in the case of rural Societies where the inevitable Patel or Shanbogue is the chief leading man in a Society who owned at least a couple of Plots advantage of his position.

If the above view be accepted it will be necessary to attach Mr Ramaiah to the office of the Registrar Co-operative Societies as an Assistant, so that both himself and the Registrar can tour about inspecting the Societies and give Mr Smith the benefit of his English experience he can shape the Societies on right lines.

As for the pay to be paid to him in his new appt, it is submitted that it should be such that while not unduly accelerated it would yet be attractive enough to keep a man in the place for some years at least. It is therefore submitted that he may be first placed on probation for one year on Rs 150 and if he proves successful he may be confirmed on a scale 200-15-350

NOTE—Contn. sheet.

GPB—50,000—12-8-10

G. R. S. 12]
General and Revenue Secretariat.

File No. of 19

Serial No.

so that he may rise to the maximum in ten or 260-25-350 in which case he will get the max in six years years and thereafter would look to promotion in his own Deptt.

If however the above proposals be not acceptable, as he has specially been trained in Cooperative work & banking its other subject he may be perhaps promoted to be a Supdt in the G.R.S. on 150-10-200 and put in Charge of Sor II where he will have opportunities to show his usefulness.

If the first proposal be accepted the financial Secy will have to be consulted (Genl Secy) K 15.9.11.

It is very desirable to make use of Mr Ranga Rao's services in connection with the Cooperative Societies in the State & the proposal made in the above note to post him as ~~Supdt~~ asst to the Registrar deserves very sympathetic consideration The suggestion to fix the pay at 150 Rs in the year of probation & then to put him in the grade of Rs 200-25-350 is also deserving of approval. There is every reason to believe that Mr Ranga Rao will acquit himself well & prove of great service to the

NOTE—Contn. sheet.

GPB—50,000—12-8-10

G. R. S. 12]
General and Revenue Secretariat.

File No. of 19

Serial No.

cause of cooperation. After Dewan approves of the proposals made on the ~~file~~ memorandum the Final Seer will be consulted

Dewan

CM
9/9/11

13677
19.9.11

Information should be furnished as to how he spent his time in England, what lectures he attended, and what results. A report on the subject ought to be obtained from him.

2 Meantime he should be deputed to take part in the Co-operative Societies' Conference under the orders of Mr Narayaniengar.

Sept 11

19 FVT
(1) await report from Rangarao

(2) Mr has been already ordered d.o 19/9 under Dewan's Public on file memo.

CM
22/9/11

Sealed with a draft memo.

TM -30 draft approved by the Secy.
23/9/11

To the Registrar of Cooperative Societies in Mysore and R. Rangarao Esq., Bl. No. 20 C 51-52 Dy 23.9.11.

Deputing R. Rangarao to take part in the Co-operative Societies Conference under the orders of Mr Narayana Iyengar, Registrar of Co-operative Societies in Mysore.

NOTE—Contn. sheet.

GPB—50,000—12-8-10

G. R. S. 12]
General and Revenue Secretariat.

File No. of 19

Serial No.

Letter no 294 Dy 5th Oct 1911. From M. A. Narayaniengar Esq. BA, BL, Registrar of Co-operative Societies in Mysore. States that Mr Rangarao has this day been relieved of his duties in Mysore and directed to report himself for duty to the Secretary.

A brief report submitted by Mr. Rangarao is put up with the file Submd to Secy.

TB-30
14/X/11

Dewan

13922
15-10-11.

CB
14/10/11

Please see D.O. of 15th Oct 1911 to the Regr of Co-operative Societies and his reply of 16th inst.

Circulate to Council. TB 24 CB

Circulate

CB
25/10/11

Seen MR Rangarao 27/10/11

Seen

375

NOTE—Contn. sheet.

GPB—50,00—12-8-10

R. S. 12]
General and Revenue Secretariat.

File No. of 19

Serial No.

Dewan.

14082
28.10.11

To be brought up at Council meeting.

Note for meeting

2/11/24

25/2

C. 108.
25. 10. 1911

GENERAL AND REVENUE SECRETARIAT.

Council Matter.

SUBJECT.

Utilization of the services of R. Ranga Rao, BA, BL, who had been deputed to Europe as a Damodar Dass Scholar to study Economics.

CIRCULATED TO COUNCILLORS.

By Order,

C S Balasundaram
Offg. Secretary to Government.

26th Oct 1911.

K. P. Puttanna Chetty, Esq.,
First Councillor.

H. V. Nanjundayya, Esq., M.A., M.L.,
Second Councillor.

Extract from the Proceedings of the 273rd Meeting of the Council of His Highness the Maharaja, held at Bangalore on 26th Feb. 1912.

2. Subject on the (Clause v of the for Schedule).

Utilization of the services of R.Ranga Rao B.A. B.L., who had been deputed to Europe as a Damodar Dass scholar to study Economics with special reference to Co-operation.

OPINION OF THE COUNCIL.

Mr.Ranga Rao may be appointed as an Asstt: to the Registrar of Co-operative Societies, his pay being fixed at Rs.150-25/1-250. He may be treated as on probation for a year. The present senior Inspector of Co-operative Societies who is drawing a pay of Rs.100 may be provided for in the Revenue or other department.

The amount of £200 sanctioned to him in G.O.6148-50/Edn.158-10-2 dated 21st January 1911 may be treated as an extension of his scholarship instead of as a loan.

* Fr. & A

(Sd) T. AnandaRow,
Dewan of Mysore.

"Extract"

CSBalasundaramiyer
Offg. Secretary to Govt.

G. R. S. 12]
General and Revenue Secretariat.

File No. of 19

Serial No.

Forwarded to Sir U for opinion on financial points raised.

Asst Secy U

CTB
4/3/12

The proposal involves the creation of a new appt on 150 - 25 - 250. Why the maximum should be reached in 5 years is unapparent. If the max. has to be reached in 5 years the financial value would be 216 2/3 Rs and if 180 Rs be set off the excess would still be 116 2/3 Rs per mensem or 1400 Rs per annum. If the max is reached in 6 years as proposed above (neglecting the period for reaching it as not counting for increments) the value of the appt would be higher being 243 1/3 Rs and allowing the set off Rs 180 would still be 143 1/3 Rs per mensem or 26 2/3 Rs more than when the increment is for 5 years. However ~~I do not~~ I think that if Concessions like the above are called for there who obje-

Dewan

10
4.3.12

Dewan

CTB
4/3/12

NOTE—Contn. sheet.

GPB—50,000—12-8-10

Submitted to His Highness.

P
Page 11 of notes
flag A
J

I submit for orders the accompanying Council Resolution relating to the appointment of Mr. R. Ranga Rao B.A., B.L., a first grade clerk of the General and Revenue Secretariat as an Assistant to the Registrar of Co-operative Societies and the treatment of the advance of £200 made to him as an extension of the scholarship granted to him.

2. Mr. Ranga Rao was granted a special scholarship of £500 from the Damodar Dass Fund in Government Order No. 2379-82/Ed.86-09 dated 10th September 1909 to study the theory and practice of Co-operative credit in Europe with a view to secure his help in the development of Co-operative Credit Societies in Mysore.

M

3. From the reports submitted by Mr. Ranga Rao it is seen that he made a profitable use of his time in Europe by specialising in Economics and Co-operation and getting a practical insight into the working of the Co-operative Societies in the United Kingdom and on the Continent and he was also elected a member of the International Co-operative Alliance.

N; O

4. On his return in July last after an absence of

nearly 22 months, I deputed him to take part in the last Conference of Co-operative Societies held in Mysore under the orders of Mr. M.A. Narayana Iyengar, who was disposed to think that by attainments and character Mr. Ranga Rao would prove an excellent officer.

5. It is now proposed to appoint him as an Assistant to the Registrar, his pay being fixed at Rs.150-25-250, he being treated as on probation for one year. Messrs. M. Shama Rao and M.A. Narayana Iyengar were consulted demi-officially and both of them have approved of the appointment more or less generally. The present Senior Inspector who is drawing a pay of Rs.100 will have to be provided for in the Revenue or other departments.

6. The Council further recommend that the amount of £200 which was sanctioned to Mr. Ranga Rao in Government Order No.6148-50/Ed.158-10-2 dated 21st January 1911 may be treated as an extension of scholarship instead of a loan. The scholarship was originally fixed at £500 for an absence of 19 months and at the application of Mr. Ranga Rao the period was extended by three months. The Inspector General of Education (Mr. Weir) who was consulted in the matter was of opinion that the tour allowances sanctioned was insufficient. Under these circumstances it would be a gracious act if the amount originally advanced as a loan be now treated as an extension of the scholarship, thus freeing

freeing the young man from a rather heavy debt at the outset of his career.

Page 15 of notes.

7. The Financial Department has no objection to the proposals. The recommendations of the Council may be sanctioned.

Ca.

G Shanmukham
Chetty

16 [illegible]

Record of Cases submitted for the Orders of His Highness the Maharaja

Subject.

Appointment of Mr. R. Ranga Rao, B.A., B.L., a first grade clerk of the General and Revenue Secretariat as an Assistant to the Registrar of Co-operative Societies and the treatment of an advance of £200 made for his studies in England as an extension of his scholarship.

+93

Order

Sanctioned

~~KRW~~

12/3/12

Secy

Please let me see the draft I am asked in accordance with Rangaraja Rao does not assume the duties of Assistant Registrar of Co-operative Societies

12/3/12

x

Issued with 2 drafts as directed

13/3/12

1 draft with extract sent to Br LV. (re scholarship). Ed. 158 of 1910-11.

13/3/12

Issued separately -

14/3/12

14/3/12

G. R. S. 12]

General and Revenue Secretariat. | B File No. 27 of 191/

Serial No.	
	Fl. mes. 277-11
	Draft may be approved — Dewan 4/3/12
260 16.3.12	Draft approved with an addition. - 15.3.12 Josue 16/3/12
1	To the Registrar of Cooperative Societies. Comptroller Co. Genl's No 7E 3910-1 d. 16.3.12. Appoints mr. R. Rangaroo B.A. B.L. as an assistant to the Registrar of Cooperative Societies and States that he will be on probation for one year —

NOTE—Contn. sheet.

GPB—20,000—20-1-12

Confdl

189

Bangalore

28 · 2 · 12

(1) D.O. No 63
(2) D.O. No 62 } dy 28. 2. 1912.

My dear Mr. (1) Shamarao
" (2) Narayana Iyengar

I am desired by the Dewan to communicate to you the following proposal & request your opinion on the same - +

It is proposed to appoint Mr. R. Rangaraya Ba, B L who was deputed to Europe as a Damodar Das Scholar, to study Economics with special reference to Cooperation, as an assistant to the Registrar of Cooperative Societies pay being fixed at Rs 150 - 25 - 250. He is to be treated as on probation for a year. When Rangaraya services are so utilized it is also proposed to depute the Senior Inspector of Cooperative Societies from his present pla and provide for him in the Revenue or

20 Dec 1864

I am desired by the
Admiralty to request you
to favour them with
your opinion in the
matter. An early reply will oblige

Yours truly.

A.H.

D.O. 170

confl.

Tenkur
27 Feb 1912

My dear Mr. Brahmananda

I have D. o f yesterday regarding the appointment of Mr R. Ramakrishna as Assistant to the Registrar of Cooperative Societies. In my opinion such an appointment is a necessity and while serving as Registrar I have often represented to Government the great advantage of having an Assistant. Both in the work of

organisation as well as in the work of investigating applications for loans the Registrar needs the help of a responsible officer who can take be trained to take a correct view without trouble for the future. With the work growing nearly every year it will be impossible for the Registrar to attend personally to such matters.

With the appointment of Mr Ramsay Rino as Assistant to the Registrar, there will be no need for a senior Inspector as at present. I am of opinion that there is however much need for more inspectors on lower pay. The Societies can be easily made to contribute a fee

Share of the cash, but each Society should be allowed a period of grace for the first 3 or 4 years

Yours sincerely
H. Shannon Rao.

C. S. Balasundaram Esq BA.
Offg. Secretary to Govt.
Revenue Depts.

Confidential.

D.O. No. 69.

Office of the Registrar of
Co-operative Societies in Mysore.

Dated Bangalore, 29th Febry 1912.

My dear Sir,

I am in receipt of your confidential D.O No.62 of yesterday. There was a similar enquiry by the Dewan in October last. I enclose for reference copies of the Dewan's letter and my reply.

2. The requirements of my department at its present stage of growth may be summed up as follows, in the order of their urgency and importance:-

(1) The six Inspectors, one Auditor and nine peons asked for in my letter No, 368/ C.S.6 dated 17/22nd November 1911 are required earliest.

(2) The appointment of a Deputy Commissioner as the Head of the Department and Registrar, with an extra allowance of Rs.100 to 200 will have to

be considered next.

(3) We have now a hundred and sixty Societies.With the extra staff of Inspectors working for six months, the number of Societies can be actually doubled. We shall then certainly require an Assistant to the Registrar of the qualifications of Mr.Ranga Rao.

3. As matters stand at present, it seems to me that all these proposals should be considered together and not piece-meal. Without the extra staff of Inspectors the Registrar will not want an assistant to himself. If the Registrar is to be a Senior Assistant Commissioner and the maximum limit of Societies in the State has been reached, an assistant of the proposed status will be superfluous and possibly embarrassing. Let me not be misunderstood,please, I am not grinding my own axe here,taking advantage of the present reference. These are the observations which occur to me, as they must to any of you considering the subject disinterestedly; only they have been expressed candidly,as needs they must, in reference to the question at issue. After

these points are settled, it will still remain open to the Government to consider if Mr.Shama Rao with his long and intimate acquaintance of the Department or any Senior Deputy Commissioner will not be the most suitable person to be the head of the reorganized branch of the service. For my part, I shall be thankful to have helped to lead up to such a resul for a short period.

4. Reverting to the point under reference, I would repeat that Mr.Ranga Rao appears to me by his studies and character to be very well suited for the place of an Assistant to the Registrar. His pay may be even Rs.200-20-300 to enable him to work more contentedly. His appointment as such however should not shift Mr.Rama Rao for two years longer, as the Department cannot afford to lose at once Mr. Rama Rao's experience of these six years. The six months' time I allow for the growth of the Department is not after all such a long period as to necessitate the postponement of Mr. Ranga Rao's appointment, but his tenure of office may perhaps begin with advantage in June or July. Only I would request the Government to consider the entire strengthening of the Department and

decide on it before appointing Mr.Ranga Rao as an Assistant to the Registrar.

5. There is perhaps one other point that may be considered also. An assistant to a Registrar should as far as possible suit the Registrar and command his confidence. Mr. Ranga Rao appears to me to have sufficient adaptability and sense of duty to suit any Registrar. It is hard to divine the intentions of the Government. But if some other gentleman is likely to be the Registrar in the near future, it may be just as well that he is also consulted on the appointment.

I am

Yours Sincerely

M.A. Narayanaswamy

To.

C.S. Balasundaram Iyer Esqr, B.A.

Officiating Secretary to the Govt

of Mysore.

18

96

GOVERNMENT OF MYSORE

D. O. No. 7 3223

Camp Mysore,

9th October 1911.

My dear Sir,

I request the favour of your passing orders appointing Mr. Ranga Rao as an Assistant to the Secretary to the Committee for Industries and Commerce on such salary as you may see fit to give him. He may be appointed to the Department on trial for 6 months.

Yours sincerely,

T. Ananda Row, Esq., C.I.E.

Dewan of Mysore, Camp Mysore.

29
Mysore
15th Oct 11.

D. O. No. 2906/En 1

~~Dear Mr Narayaniengar,~~
My dear Sir

Mr R. Ranga Rao, B.A., B.L. who had been deputed to Europe on a Damodardas scholarship to study Economics with special reference to the co-operative movement has, as you know, returned to Mysore. You have been in consultation at the last co-operative Conference held in Mysore, and I venture accordingly for your personal information to request you should return the report which he has submitted on the subject of his mission.

It has been suggested

24

that he should be
attached to your depart-
ment, as an Assistant,
with the status of an Overseer.
Kindly let me know what
you think of this proposal.
At your very early con-
venience.

Yours truly

(Duncan) Stevens

M.A. Narayanier Esq
Kerry Co-operative Societies
Tyrone

Fr 3238

D.O. No. A/enc/. GOVERNMENT, MYSORE

Office of the Registrar of
Co-operative Societies in Mysore.
Dated Bangalore, 16th Octr 1911.

My dear Sir,

I received your D.O. No.2906, of the 15th instant, last evening at Mysore. I have known Mr.Ranga Rao only recently within the past few weeks and have not had opportunities enough to judge of his capabilities in all directions. I saw some of his notes on Cooperation and found they were carefully taken. From my conversations with him I could see that he possesses clear and definite notions on the subject. And his study of Cooperation in Europe has no doubt fitted him for similar work in India. He is besides well-behaved and modest, and I think thoroughly reliable and honest, and as such would make an excellent officer.

2. But before considering what we should do for him, it is perhaps desirable to see the requirements of the

Department in its present stage of development. I have now three Inspectors working under me in three Districts, of whom the Senior Inspector is of the grade of a Deputy Amildar. My most urjent need is a set of five more Inspectors to work in the Districts, each Inspector drawing a salary of 40 to 80 Rupees per month. With this extra staff working I expect the number of our Co-operative Societies will rise to about 300 in two years.

3. When the Societies grow beyond this number, the Department will require an Assistant Registrar of the status of an Assistant Commissioner to help the Registrar. And in the period of two years required for this development, I do not know if it is desirable to swell my budjet with an officer of the grade of Amildar as my assistant.

4. So far as I understand, Mr. Ranga Rao expects from his qualifications to be ranked as an Assistant Commissioner, and if he comes to me as an Amildar nursing a grievance it is not likely he will make an officer as as efficient Mr him Mr we wish to become.

5. Whatever his knowledge of books and theory, I am

afraid Mr. Ranga Rao lacks experience of administration and rural life and will be all the better with some service as an executive officer. A period of two years as an Amildar or Assistant Commissioner in executive duty in the State will give him a training and experience which will stand him in good stead when he can later on be taken to the Department.

6. I herewith return the report of Mr.Ranga Rao kindly sent with your letter.

I am

My dear Sir,

Yours Sincerely,

M. A. Narayanaswamy

To.

T. Ananda Rao Esquire,B.A. C.I.E.

Dewan of Mysore.

NOTE—Contn. sheet.

G.P.S.—20,000—29-1-12

24

G.R.S. 28.]

27
11

File No

Serial No

H. Dis. 277-11

Diary No. of letter replied to—

Proceedings of the Government of His Highness the Maharaja of Mysore.

GENERAL AND REVENUE SECRETARIAT.
(Banking)

READ—

the 19

Date of issue 16 March 12

Signed by M V Krishnaiah

ORDER ~~THEREON~~—No. H 3910-1
& 16-3-12

Govt are pleased to appoint Mr R. Ranganatha Ba, Bl as an assistant to the Registrar of Cooperative Societies ~~on probation for~~

over

SUBJECT.

GPB—10,000—19-4-10

27

~~Candidates~~ on a pay of

Rs. 150 rising to Rs 250/-

by annual increment

of Rs 25 (150 - 25 ... - 250). He will be

regarded as on probation for one year.

CDR/14/3/12

Dfs Leey

To

The Registrar of Cooperative Societies

Comptroller & The Govt of Tripura

through Govt

2 Redepotha Mookaniah Societies will obtain Lemin deposits & deposit them by the Leey Deposits & other debts on or before 1st July & the Registrar may find it convenient to do -

Attd

15/III/12

No C 51-52 Dy 23.5.11.

29

Memo

R. Ranga Rao BA. BL

is deputed to take part in the Cooperative Societies Conference under the orders of Mr. Narayanswamy Registrar of the Cooperative Societies in Mysore.

B.G

CB

Dy Secy

To

The Registrar of the Cooperative Societies in Mysore

R. Ranga Rao

29(a)

Office of the

Registrar of Co-operative Societies

in Mysore.

Dated Camp Mysore 5th October 1911.

A.Narayan Ayangar, Esq, B.A.,B.L.
Offg. Registrar of Co-operative Societies in Mysore.

C.S.Balasundaram Iyer, Esq, B.A.
Offg. Secretary to the Govt. of H.H.the
Maharaja of Mysore Genl. & Rev. Depts.
Camp Mysore.

r,

With refererence to your memo No 51-52 dated 23rd
mber 1911, I have the honor to inform you that Mr. K.Ranga
.A.,B.L. has this day been relieved of his duties under
d directed to report himself before you for duty.

I have the honor to be,

Sir,

your most obedient servant,

M.A. Narayanaiyangar

Offg. Registrar.

C.N.R.

From

M.A.Narayan Ayangar, Esq, BA.B.L
Registrar of Co-operative
Societies in Mysore.

To The offg Secretary to the
Govt. of H.H. the Maharaja of Mysore Genl. & Re
Departments.

Dated

Despatched 5th October 1911.

Received

General No. 294
No.

Enclosure No.

Stating that Mr. Ranga Rao has this day been relieved of his duties here & ~~xxxxxxxx~~ directed to report himself for duty to the Secretary.

GPB—75 readis—25-5-10

G.R.S. 13]

29

Routine Notes.

[To be used only for notes, requisitions, etc., not intended for permanent record.]

I beg to state that I have been relieved of my work under the Registrar of Cooperative Societies and to report myself for duty

R Rangadhar
6.10.11

Note

N. B.—Should routine notes be written on small slips, the notes must be copied, or slips pasted on this form.

GPB—50,000—23-2-11

To

C.S. Balasundaram Iyer Esq, B.A.,

Secretary to the Government of H.H.the Maharaja of Mysore, General & Revenue Departments,

Camp—Mysore.

Sir,

I beg to submit the following brief report on my work in Europe.

In Proceedings No.2379-82/Edn.86-09-2 dated the 10th September 1909, the Government were pleased to depute me to Europe to study the Cooperative Movement. I left Bangalore on the 16th September 1909, and returned on the 23rd July 1911. Deducting a period of about five weeks taken up in the voyage to and back from Europe, I had about 21 months for my work, of which I spent

13 months and 15 days in Great Britain and Ireland,

3 months and 15 days in Germany,

15 days in Switzerland,

21 days in Italy,

7 days in Austria,

10 days in Denmark,

7 days in Holland, and

10 days in Belgium.

My work consisted of

(1) a study of books, and reports;

(2) interviews with the leaders of the Cooperative movement;

(3) attendance at provincial, national, or international congress; and

(4) visits to a large number of Societies in the different countries mentioned above.

In a report, which I submitted to Government in September last from Berlin, I have already represented the circumstances under which it was not profitable for me to take the full course, specially arranged by the London School of Economics for Indian students. The course embraces a variety of subjects, and the period of nine months, during which the course lasts, is far too short to admit of anything but elementary work. I therefore confined myself to Economics with special reference to Cooperation, though I also took some lectures on subjects like Currency, Finance, and Economic History.

As regards Cooperation, there were no regular lectures in the London School itself, or in any of the other institutions belonging to the London University. I attended, however, a number of lectures organised by various educational and propagandist institutions in London and elsewhere. My connection with these institutions enabled me to get to know, and come frequently into touch with, some of the persons who, as writers on subjects connected with cooperation, or as secretaries or directors of important cooperative institutions, are household names in the cooperative world. The frequent conversations which I had with them were often in the nature of lectures, and [illegible] helped to direct me in my studies and

travels. Among such people, I may mention Miss Wadge, Mr. Nugent Harris, Mr.Greening, Mr. Letchworth, Mr. Gray, Mr. Anderson, Herr Kaufmann, Sir Horace Plunkett, Herr Nielson, M. Dande-Bancel, M.Helies, Sig. Alberto, Sig. Ginnelli, and Dr.Hans Müller

I attended some conferences of which the British Cooperative Congress held at Plymouth in May 1910, and the International Cooperative Congress held at Hamburg in August 1910, were the most important. These are two of the principal events in the history of the cooperative movement in Europe. The British Congress is confined to delegates from British Societies and a few foreign representatives, while the International congress is a meeting of delegates from different parts of the world. In connection with the latter, I was asked to represent two English Societies, and I was also elected a member of the International Cooperative Alliance, a privilege which is usually extended only to well-known cooperators.

My inability to speak or write any European language other than English somewhat handicapped me in my work on the continent. With an amount of trouble quite disproportionate to the result achieved, I acquired a little knowledge of German, and was able to get on fairly well in Germany. The French language proved more difficult, and I had to give it up after

working at it for a fortnight. In countries where French was spoken [France, Belgium and parts of Italy], I had to have recourse largely to interpretors.

During my visits to Cooperative Societies, I was sometimes permitted to attend meetings of general assemblies or of committees. In some cases, also, I was able to arrange with local organizers to work with them. But, as a rule, I went from society to society, on introductions given to me by a central body or a private individual, trying to find out at each place how the society was started, how it succeeded in gaining members and attracting capital, and, generally, how the society worked and progressed, and what it meant to its members.

I may perhaps mention why it was desirable for me to visit a number of European countries. Cooperative Societies are of four kinds:

(Credit Societies, Agricultural Societies, Productive Societies, and Distributive Societies, ~~we~~ They have progressed differently in different countries. Germany, for instance, is the parent country of Credit Societies, Denmark of Agricultural Societies, and England of Distributive Societies. "The English contributed their special note by obtaining from the cooperative store all the various advantages of mutuality; the Germans sought them

by the association of the property less, who clubbed together their poor savings, so as to afford each other credit, and free themselves from usury, and they thus built up that imposing edifice of credit cooperation in whose shelter the tried legions of humanity can rest. The French, who introduced into cooperation the magic words "Liberty, Equality, Fraternity" at once wished to seize on the ideal, and distinguished themselves from the outset by those Cooperative Associations for production, whose aim is to emancipate labour and to subordinate capital to it." Denmark has shown that cooperation is "the salvation of the agricultural proletariat." The principles which these countries work their special forms of cooperation have been applied in their entirety, or with modifications and improvements, in other countries. In a detailed report, which I am shortly submitting to Government separately, I have attempted to give an account of these principles and their modifications, and, so far as my very limited local knowledge permits, the extent to which they are capable of being applied to this country. The greater part of this account is ready. I am just now revising it, and I shall submit it to Government as soon as I get it typeprinted.

I enclose a list of the books, pamphlets, and reports which I read, and a list also of the places I visited.

In conclusion,

I beg to thank the Government for the opportunity given to me of acquiring some knowledge of the different forms of co-operation in the countries where they originated, and have since been successfully developed.

I beg to remain,

S i r,

Your most obedient servant,

R. Ranga Rao

Genl. & Rev. Secretariat,

Camp Mysore.

14th October 1911.

LIST OF BOOKS, REPORTS, AND PAMPHLETS.

****

Marshall. . . . . Principles of Economies.

Walker. . . . . Political Economy.

Armitage Smith. . . . . Free Trade Movement.

Bagehot. . . . . Lombard Sweet.

Jevons. . . . . Money.

Hiller. . . . . .The Commonweal.

Seligman. . . . . Principles of Economics.

Seager. . . . . Introduction to Economics .

Dicksee and Blain. . . . . .Office Organization and Management

Bowley. . . . . .Elements of Statistics.

Keynes. . . . . Scope and Method of Political Economy.

Ashley. . . . . The Tariff Problem.

Armitagesmith. . . . . .Taxation.

Spicer. . . . . The money market.

Holyoake. . . . . The Cooperative movement today.

Wolff. . . . . Co-operative Banking.

Wolff. . . . . .Peoples' Banks.

Wolff. . . . . .Village Banks.

Pizzamiglio. . . . . .Distributive Co-operative Societies.

Holyoake. . . . . .History of Co-operation.

Mrs. Potter. . . . . .Co-operative movement in Great Britian.

Pratt. . . . . .The Organization of Agriculture.

Gray. . . . . The Industrial and Provident Socities Act.

Nicholson. . . . . Report on the Land and Agricultura Banks in the Madras Presidency

Nettlefold. . . . . Practical Housing.

Fay. . . . . Co-operation at Home and Abroad

Plunkett. . . . . Ireland in the New Century.

C.Webb. . . . . Industrial Co-operation.

Price. . . . . English Commerce and Industry.

Cheyney. . . . . Industrial and Social History of England.

Webb. . . . . .Trade Unionism.

Gambaro and Gault. . . . . Lessons in Commerce.

Report of the Proceedings of the Plymouth Congress 1910.

" " " " " " 6th International Co-operativ Congress.

" " " " " " 7th -Do- -Do-

Reports of the Proceedings of the 39th, 40th and 41st British Co-operative Congress.

Report of Workmen's Co-operative Societies.

Annual reports of the International Co-operative Alliance.

The Hampstead Tenants.

The New Movement in Ireland.

Development of Agricultural Co-operation.

The work of the I.A.O.S.

Village Libraries.

Co-operative Agricultural Trading Societies.

System.of credit practised by Co-operative Creidt Societies.

Co-operation and Flax cultivation.

Report of the co-partenership Tenants Limited.

Trade Federation— The Irish Co-operative Agency.

Co-operative Dairying.

Co-partenership in Housing.

Labour Co-partenership Association.

The Building up of a rural civilization.

International Co-operative Bulletin.

Indian Reports:-

U.P. of Agra and Oudh. 1907-08- 08-09

Bombay. 1907-08. 08-09

C.Provinces and Berar. 1907-08, 08-09

Madras. 1905-06, 06-07, 07-08.

E.Bengal and Assam. 1908, 09

Punjaub. 1908-09

Burma. 1907-08, 08-09

Bengal. 1907-08. 08-09

Mysore 1905-06, 06-07. 07-08- 08-09, 09-10

Proceedings of the Simla Conference. 1907, 08, 09

LIST OF INSTITUTIONS VISITED. ONLY THE CENTRAL ONES ARE MENTIONED, SMALL SOCIETIES CORRESPONDING TO OUR RURAL BANKS OR STORES BEING OMITTED.

The International Co-operative Allowance - London.

The Co-operative Union. - Manchester

The English Agricultural Organization Society - London.

The English Wholesale - Manchester.

The Irish Agricultural Organization Society - Dublin.

Magasin Des Gros Des Co-operatives De-France - Paris.

Federation Nationale Des Co-operatives Agricoles Francaises de production et Vente -Paris.

Union Co-operative - Paris.

Union centrale des synlicates des Agriculteurs de-France - Paris.

Union des caisses centrales - Lyons.

Centre Federatif du credit populaire en France - Marseille

Richsverband der deutschen Landwirths-chaftlichen Genossen-Schaften Darmstadt.

Central-Verband Dentscher Konsum Vereine - Hamburg.

Allgemeiner Verband - Charlottenburg.

General Verband landlicher Genossen schaften - Neuwied.

The United Co-operative Supply Assiciation - Copenhagen.

The Dansk-Andels - Aeg-Export Society - Copenhagen.

Verband -Ost -Schweizencher -landwirth- Schaftlichen Genossen schaften - Winterthur.

The Basel Union of Stores - Basel.

Federation Belge des Societes Co-operatives De Parti Ouvrier - Anvers.

Union Co-operativa - Florence.

Instituto di credit coop.- Milan.

Popular Bank - Milan.

Popular Bank - Bologna.

Federazione delle Co operative di Produzione e Lavoro - Reggio Emilia.

The Popular Bank or Naples.

"It was necessary to organize for the struggle, to realize promptly all the possible opportunities for progress, to decrease the cost of production, and to improve the methods alike of production and of sale. For the attainment of these ends the old Agricultural Associations were but ill-prepared. It no longer sufficed merely to spread technical knowledge and to give prizes and awards to agriculturists at periodical exhibitions."

The Syndicates started in 1884, and have multiplied enormously within the last 27 years. "They represent millions of the inhabitants of France; they have created organizations of the most varied description; they have a special press, powerful and widely diffused; they have federated into unions which exercise a great influence on the work and interests of the farmers; they hold congresses and great exhibitions. They are, in short, considered among the most interesting institutions which spring from social economy, and are admitted to form the best base for the advancement of the rural population, and the attainment of greater prosperity."

The syndicate in France is a combination of persons of the same profession formed for the defence and advancement of their common interests. The only limitation of membership that the agricultural syndicate imposed was that it should be composed of Frenchmen connected in some way with the cultivation of the soil. Membership is thus very wide, and includes owners, farmers, bailiffs, agents, small owners, farmers, chemical manure manufacturers and the like.

As regards the areas of the syndicates, the widest divergences exist. Some are confined to hamlets, some to districts and some to counties and some to provinces. It may be said generally that the smaller the area the greater the extent of mutual knowledge and of fellow-feeling. But the weakness of the small area consists in restricted business and possible difficulty of finding capable leaders. Larger areas are free from this difficulty, but lack of personal knowledge takes its place. To derive both advantages, the parish syndicates combine in county syndicates, thus working as small syndicates in large ones.

The object of the earliest syndicates was no more than merely to purchase chemical manures, but the vast possibilities of the movement were soon discovered, especially after the French Parliament gave them a civil status in 1884. The general object of the syndicate now is to study and protect the economic interests of the Agriculturists, and its special ends are:—

(1) To examine and point out all legislative and other reforms and improved methods;

(2) To spread agricultural teaching and knowledge of farming by courses of instruction, lectures, distribution of leaflets and establishment of libraries;

(3) To start and support institutions for agricultural credit, for production and sale, for assurances against fire and accident, and offices for information on markets, etc.;

(4) To become agents for the sale of produce, for the purchase of fertilizers, seeds, implements, etc.;

(5) To give legal and other advice on agricultural matters.

Co-operation, mutual insurance, professional and social progress are thus within the province of the agricultural syndicate.

The syndicates, as already stated, are composed of agriculturists. The funds necessary for the purposes of the Syndicates are raised from subscriptions from members, generally small sums of 3 or 4 francs, subscriptions from societies interested in general agriculture, and commissions on the sales and purchases arranged by them for their members. As already stated, co-operative societies, where they are run by Syndicates, are entitled to loans from the Regional banks.

It was clearly fore-seen from the beginning that the local syndicates could not become permanent institutions if they were unconnected with each other, and had to depend entirely on their own enthusiasm for their progress. Federation, with its possibilities of concerted action, extended knowledge and experience, and disciplinary influence was therefore introduced. The law, which legalised local syndicates, legalised unions also; but while it recognised the business nature of the local syndicates, it refused to do the same with regard to the unions. These unions are of three classes, departmental, regional, and central. The local syndicates are banded together in departmental unions, these in regional unions, and these again in a central union.

The local syndicates sometimes themselves undertake co-operative work; or have co-operative societies attached to them. The work of the society may be production or supply and sale-as a rule the former. The unions on the other hand, being non trading bodies have always a co-operative supply and sale society attached to them. The business of this society is to effect purchases and sales on behalf of the syndicates in the union. These co-operative societies are in turn affiliated to the central co-operative society attached to the central union of syndicates, just as the regional unions are themselves affiliated to the central union.

So far, the condition of agricultural co-operation in some of the principal European countries has been described. For the sake of clearness it is necessary perhaps briefly to describe the different types of societies which onstitute agricultural co-operation without reference to geographical conditions. The rural credit Society has been already dealt with. There remain therefore co-operative supply, co-operative production, and co-operative sale.

Supply Societies.—The Supply Society is similar in principle to the store, which will be described later. Such difference as exists is due to the fact that the Agricultural Supply Society works in rural parts while the Stores work in towns. "The town store represents for its members the sum total of co-operation, the agricultural society, whatever it may supply, is but one point, generally the starting point, in a series of co-operations in the direction of production and sale."

The Supply Societies, based on limited and unlimited liability, are confined to small areas, and are, later, united in a central federation. As a rule they supply the materials of agriculture—manures, seeds, machinery and raw materials. They develop later into societies for the supply of general provisions as well. Objection is sometimes made to the supply societies undertaking the sale of household requirements instead or confining operations to agricultural materials. There has been some difference of opinion in this respect between the Irish Agricultural Organization Society and the Enniscorthy Agricultural Society which is one of the most flourishing societies in Ireland. The objection is based on the ground that the sale of general provisions by the supply society is sure to rouse the hostility of the local trader. But all forms of co-operation, whatever their sphere, are found to rouse the hostility of some one or another. And as a matter of fact it is societies which combine supply of agricultural and general requirements that are strongest.

In the department of Supply, Swiss co-operation has made great progress. The actual pioneer was a large land owner who purchased wholesale a large quantity of chemical manures. The very cheap rates at which he was able to get his supply induced his neighbours to secure similar advantages to themselves. Thusthere arose in the country a large number of associations for buying manures and other agricultural requisites. These have a Central Organization known as the Verband Ost-Schweizerischer-landwirtschaftlicher Genossenchaften (Union of Agricultural Co-operative Societies of Eastern Switzerland).

At first the object of the Local Supply Societies and of the Central Union was to confine operations to agricultural necessaries. But household requirements are now added, and the Central Union has two departments: one for agricultural and the other for domestic requisites.

On the whole, Swiss Agricultural Co-operation has made great progress. "It is, however, unequally developed territorially. In the district surrounding Winter thur it is all powerful, having in some villages completely ousted the local traders." The East Switzerland Union is doing excellent work in spreading the principles of co-operation.

France.

In describing the growth of agricultural co-operation in France, it is necessary to go beyond the confines of strict co-operation, and to bring under consideration, a new form of association which, while fulfilling some of the functions of co-operative societies, fulfils also a variety of other functions. The Societies here referred to are the "Syndicates Agricoles." They originated in France, and have now extended to Italy and Belgium.

The circumstances under which the syndicatecame into being are described as follows:—"After having enjoyed a long period of prosperity, our (French) Agricultural producers began to suffer experience of which no one could see the end. The French market, which, by reason of the development of the means of transport, was no longer protected by the natural barrier of distance, began to be flooded with foreign commodities produced at a cost that defied all competition. Our lands, exhausted by centuries of cultivation, had no chance against the productions of virgin soils, or of countries more favorably situated in regard to taxation, cost of labour, etc., * * * * * *

The national market existed no longer, and on a market which had become universal, and was affected by the slightest fluctuations that reverbrated among the great centres of the world, the French cultivator offered an easy prey to the speculations of international commerce."

Italy.

How agricultural credit in Italy was organized on the basis of the German system has been already described. France supplied the model for purchase associations, and Denmark for dairies.

Apart from the banks, there are, in Italy, Co-operative Societies for the common purchase of agricultural requirements, co-operative vintries, co-operative dairies, co-operative Oil presses, co-operative distilleries, basket makers' societies, and societies for the sale of agricultural produce. To these may be added a few silk growing societies, which prepare and store the cocoons, sometimes leaving the sale to members and sometimes selling through the Societies' organization. There is also a large number of rural labourers' Societies (known as Braccianti) which take up contracts for making roads, digging ditches, making dykes, etc. Altogether there are about 800 Supply Societies, about 900 Productive Societies, and about 45 Sale Societies.

The development of Italian agriculture has thus made great progress. Co-operative Banks enabled the peasants to raise money easily; Purchase and Sale Societies enabled them to lay it out to the best advantage. But they were still in need of agricultural instruction. In France and some other countries, there are State officials whose duty it is to give expert advice to agriculturists requiring it. But the routine by which these functionaries are more or less tied detracts considerably from their usefulness. In Italy has been developed what are called travelling schools of technical instruction. A travelling professor of agriculture holds numerous conferences at different centres at which he delivers addresses on a variety of agricultural subjects; he gives personal consultation, carries on experimental farms. He is found useful, too, in spreading a knowledge of Co-operation and in watching how members lay out the money they borrow from the banks.

Switzerland.

In Switzerland, again, as in Germany, the necessity for agricultural organization arose with the expansion of industries. Farmers found that their interests were seriously prejudiced by the shortage of labour. With the diminution of their profits, they were not able to pay their labourers the same rates of wages that the town manufacturers gave. To improve their prospects the Swiss Agriculturists had to use chemical fertilizers, and thus to increase the volume of production, and to resort to machinery and thus decrease the relative cost of production. Organized and combined action became therefore a necessity.

First came the butter and cheese societies on the Danish lines, next distilleries on the German model. These however have no central organization for marketing purposes. Common use of machinery has also given rise to a large number of Co-operative Societies, the members of which buy threshing machines and other agricultural machinery, and traverse the country at harvest time hiring themselves out to different farmers. There are also Cattle Breeding Societies, the object of which is to improve the breed of cattle, keep breeding bulls at the disposal of members, and assist in buying and selling cattle.

I PRODUCTIVE SOCIETIES.

(1) Dairies: The dairy movement has been somewhat loose and laking in unity. The principal districts where they are found are Oldenburg, Schelswig Holstein, Mecklenburg, Pommern, Ost and West Preussen. Central Depots have been formed for marketing the butter, but a good bit of work is done with private companies also.

(2) Vintries: The wine growing districts along the Rhine, the Moselle, the Neckar and the Ahr have a large number of co-operative Vintries. They make wine from the grapes supplied by their members and sell them, sometimes directly to the consumers, and sometimes to wine merchants.

(3) Corn selling societies: These are peculiar to Germany and closely resemble Trusts or Kartels. A fall in the price of corn led the Germans to adopt the American system of selling corn through great Central Depots. These depots are sometimes built with state loans and sometimes by a number of societies which own the corn depots. So far, only provincial unions have been formed. A national federation may perhaps result in course of time.

Similar principles are applied to potatoes and sugar. The District along the Order is the chief potato growing district. The potatoes grown do not find a market in the neighbourhood They are therefore converted into the more valueable form of distilled spirits and sold in distant markets. The combination principle is applied in either the process of distillation, or of sale, or of both. It is the same also in the production of sugar from beet root, most of the factories established recently for sugar production having been set up on a co-operative basis.

II SUPPLY SOCIETIES.

These are chiefly for the purpose of supplying artifical manures, feeding stuffs, machinery, tools, coal, etc. In the co-operative use of machinery, a society sometimes lets out its machinery on hire to neighbouring farmers when they are not using it themselves.

Co-operation has also been largely applied in Germany to drainage and irrigation and to reclaim bogs and moss.

To complete this account of the organization of German agriculture, reference must be made to agricultural unions (non-co-operative) which have been a material factor in improving the general position. "They are devoted to the collection, utilization and propogation of the agricultural knowledge, and experience gained by theory and practice, and to the furtherance of the interest of agriculture in its commercial and economical aspects ... ... Beginning with the small local unions, there follow branch, district and country unions, all these being united together in the Central provincial Agricultural Corporations of the smaller states and provinces. These are again united into the highest agricultural corporations of the larger states ... ... The apex of the whole organization and the highest condensed expression of German agricultural wishes is embodied in the Imperial German Agricultural council There exist other special associations which have been formed for the purpose of furthering the interests of special branches of agriculture or agricultural industries."

II. SUPPLY SOCIETIES.

Almost every village in Denmark has its supply association which sells provisions, general household requirement, as well as raw materials. These societies have a central organization known as the United Co-operative Supply Association with a big wholesale house in Copenhagen.

Besides these strictly Co-operative organization of agriculture, Denmark possess two kinds of associations which foster the movement generally. These are:—

(1) Special intelligence departments attached to branches of Co-operation: These undertake various kinds of work such as comparison of methods of management, collection of statistics, and quotation of prices of dairy products in other countries. The Government also keeps a laboratory for holding surprise competitions.

(2) Societies for the improvement of agriculture and live stock: These are semi Governmental institutions. They cover the whole country and their chief business is to hold prize shows, arrange excursions, and make experiments in breeding and crops.

"Almost every branch of the agricultural industry is thus represented in Denmark by its separate co-operative organization. Indeed, it may be safely said that whenever a want arises which may be supplied by combination, or whenever there is any possibility of mutual interests being promoted, the Danish Farmers are always ready to join with one another in a combined effort to secure what they desire."

GERMANY.

The German may not have the spirit and the readiness to combine that the Dane has, but he gives a sounder and more thorough organization to his institutions. We accordingly find in Germany a complete system of agricultural co-operation. The causes which led to the movement are two. The rapid development of industry and commerce which characterises Germany within the last 50 or 60 years produced a great change in her economic conditions. Industrial interests constituted a formidable rival to agricultural interests, and drained more and more labour from the country to the towns. Agriculture therefore fell into comparative neglect. On the top of this came the agricultural depression of the middle of the last century. The tariff barriers which the State raised up for the protection and preservation of agricultural interests were powerless to arrest the decline. Organization of Agriculture on a co-operative basis was therefore found necessary.

The excellent system of agricultural instruction which prevails in Germany, the special facilities which are provided for instruction in every branch of agricultural production, the discoveries of agricultural chemistry in regard to the application of artificial manures, and the use of agricultural products in various industries, these opened up fresh markets to the farmers. To derive the full benefit of this change of conditions, the farmers wanted money. The method by which they secured funds has been already described in dealing with co-operative credit. And in the wake of credit, came also various other matters to which the combination principle was applied with success.

the split configuration of the land (comprising the promontory of Jutland, two big islands, Funen and Zealand and many small ones), on the other hand, the entire absence of a possibly hostile industrial interest," have combined to encourage a separateness of structure. The two features of Danish co-operation are thus the formation of a society for every conceivable purpose, and the absence of connection between different forms.

A comparison of the past and present conditions of Denmark affords a striking instance of the economic benefit of agricultural co-operation. The Napoleonic wars of the beginning of the 19th century had reduced Denmark to a wreck. She was gradually recovering herself, but the wars of the sixties with Prussia and Austria followed, and deprived Denmark of some of her most valuable provinces. On the top of all came the agricultural depression of the eighties. But the very magnitude of these disasters gave the Danes additional vigour to recover from the blow. They flew to Agricultural co-operation and, in a short time, became a power in the world.

The first attempt was to try and secure some compensation for the loss of Schleswig-Holestin in the German wars by reclaiming and bringing under cultivation a large district of moor and marsh land. A society was started for the purpose, and it has opened up roads, carried out irrigation schemes, arranged plantations, and established experimental stations. No less than about 100,000 acres have so far been brought under cultivation, and this good work is still proceeding. Turning to the strictly co-operative part of Agricultural Organization, one finds both the productive and the supply branches highly developed in Denmark.

I. Productive Societies.

1. Cattle raising is an occupation which is considered pre-eminently suited to Denmark. Dairying is accordingly the most important department of productive co-operation. The movement started in 1882. Now there are about 1,050 Dairy Societies with about 200,000 members. They export more than £10,000,000 worth of butter.

The funds necessary for building and equipping a large up to date dairy is raised from shares from among the members. The average amount required in Denmark for this purpose is about £1,000. For want of technical knowledge I could not follow all the operations connected with dairying. But from what I saw in some parts of Ireland, it seems possible to start a dairy on considerably less than half this sum.

For purposes of marketing the butter produced, there are nine or ten butter export federations or agencies. To ensure the purity of butter, there is a central Trade Mark Association.

(2) Next in importance come Bacon Curing Societies. Of these are there about 25. In the case of these Societies, no shares are subscribed by the farmers. Their joint guarantee enables them to raise the requisite funds from private banks, the loans being repaid out of the profits of the business.

(3) The third kind of productive societies are Egg Societies. There are about 400 of them with a central organization known as the Dansk Andels Aeg Expert with head quarters at Copenhagen.

had to impose regarding the class of beneficiaries, the purposes for which loans could be granted, and the time of repayment, have all had the effect of keeping out the really needy man. Further, the local banks act only as a kind of middle man between the applicant for a loan on the one hand and the regional bank on the other. In most cases it has no funds of its own. It just sends up the application for a loan with its own opinion. The body, which actually decides whether the applicant shall have money, is the regional bank which, on account of its want of knowledge of the applicant, is obviously unfit to do so. Mutual knowledge and mutual help are but little developed. As already stated, the state withdraws its help in 1920 before, which it is hoped that every parish would have a local bank of its own and that the movement would have gained sufficient strength to stand on its own legs as regards funds. But neither object is likely to be accomplished. The actual number of banks is but a small part of the possible member, and the stimulus for deposits is conspicuous by its absence.

Reference may also be made to the Prussian attempt which supplied the model to France. The two systems are, however, really different. In Prussia, the state came on the scene after the co-operative credit movement had taken a definite, hold on the country. The individuals to be benefitted were already organized in societies, the societies banded in unions. The whole thing was built from the bottom to the top. The state simply fitted itself into the existing organization. The success attending the scheme was accordingly greater.

On theoretical grounds it is clear that co-operation should, if it is to retain its character, be and remain essentially a product of free and private enterprise. Spontaneity and independent action constitute its special characteristics. But this strict application of co-operation is sometimes relaxed in the case of countries where the spirit of private enterprise is lacking or deficient, and where obstacles are placed in its way by its opponents.

The question is not now nearly so important in India as it was some time ago. There are certain matters in which State intervention is quite legitimate. Beneficent legislation favouring the growth of co-operation, adequate provision for superintendence and inspection, education of the people in the meaning and value of co-operation, and technical institution are among the matters in which state intervention is not only proper but necessary. But as regards financing the movement, happily the stage has passed where the organizers of the movement looked to the state for help. In some Indian provinces, state aid has been declared as being no longer necessary. Relations have been established between co-operative societies and joint stock banks, the general market has been drawn upon and deposits are coming in. In some other provinces, State aid is being still resorted to, but it is given very moderately and only for initial expenses. This was for instance the case in Mysore till recently. But even this very limited help is being less and less needed. Indeed, it is not uncommon to find that societies have sometimes applied to Government for help; but when this has had to be refused on one ground or another, they have generally been able to finance themselves. This will become all the easier when the small societies form themselves into unions for business purposes.

Another question of importance is as regards the body of persons who develop and organize the movement. So far, the pioneers have been the Government, ably assisted in many cases by private persons. But, in the main, the movement has been of an official nature, managed by persons either actually in the service of Government or retired. The stage has been reached where further officialising has to be stopped and "the propelling power of popular interest and enthusiasm should be applied."

This question is more or less intimately connected with that of organizing local societies into higher unions for business and general purposes. In spite of a certain number of central banks, about 15 in number, that have been formed in different provinces, such federation does not exist. It is doubtful whether it is possible or desirable at present to link up the whole of India in one general federation, but it does seem necessary that attempts should be made in the more progressive states to form local societies into unions for business purposes and for general organization. The absence of such organization has, in one local instance at least, reduced a central financing body to depend for advice upon the Registrar in dealing with applications for loans. This seems scarcely satisfactory, and throws an enormous responsibility on the shoulders of one man. This may work well enough where the number of societies is small; but when they grow, the Registrar cannot, in the nature of things, be expected to have an intimate knowledge of the credit worthiness of all of them.

In the formation of such unions, precautions should be taken to safeguard the co-operative character of the institutions concerned. It is to be feared that unless some restrictions are placed upon dividends, the desire for profits will, in course of time, reduce the institutions to mere joint stock banks. One very simple way of preventing such a result would be to fix the rate of dividends with due regard to local conditions, and to return the surplus profits to the affiliated societies in proportion to their business.

PART II.

Co-operative Agricultural Associations.

I now pass on to agricultural co-operation. In dealing with credit, it was possible to confine description to a few types of societies, and then point out their modifications. But this is not possible in agricultural co-operation which takes different forms according to different natural conditions. Broadly, the subject may be treated under three heads:—

1. Credit Societies,
2. Supply Societies, and
3. Productive Societies.

Credit societies have already been dealt with, so that there are two forms of agricultural co-operation left for description.

Denmark has probably made the greatest progress in this direction, and affords the most impressive example of the benefits of co-operative agriculture. I shall accordingly begin with Denmark, and then proceed to Germany, Italy, Switzerland, France, Belgium, and Great Britain and Ireland.

Denmark.

"The peculiarity of Danish co-operation is its natural and easy growth. If the Dane wants to buy or sell a commodity he seems instinctively to form a society for the purpose. On the one hand,

The want has been felt from a long time and various attempts have been made by private individuals and by the Indian Government to meet it. But it was not till 1894 that the co-operative movement was seriously taken up. An officer of the Madras service was deputed to study the theory and practice of Co-operative credit in Europe, and he produced an able report on the subject. The movement hung fire about 10 years, and it was not till 1904 that the Government of India gave it an encouraging start by passing the Co-operative Credit Societies' Act.

In spite of certain minor defects (which are now being remedied) the vigorous and sensible application given to the provisions of the Act has resulted in a rapid expansion of co-operative ~~banks~~. At the end of 1908-09 there were 2,008 Societies in existence, with 184, 889 members, and Rs. 80,65,111 capital. Share capital amounted to Rs. 14,77,251, Reserve Fund to Rs. 1,93,271, Deposits to Rs. 16,18,018.

Turning to Mysore, the following table summarises the progress of the Co-operative Credit movement in Mysore:

Year	Number of Societies	Number of members	Working capital	Total transactions	Reserve Fund
			Rs.	Rs.	Rs.
1905-06 ...	5	362	14,245	10,581	.....
1906-07 ...	15	1,191	28,085	78,216	167
1907-08 ...	27	2,521	64.126	2,43,477	924
1908-09 ...	45	4,551	1,55,499	4,81,768	2,840
1909-10 ...	70	6,801	2,16,261	6,68,261	5,831
7910-11 ...	111	9,043	3,71,191	10,31,767	9,549

* * *

Before quitting the subject, reference may be made to certain questions upon the right decision of which the success of the whole movement depends. Some of these questions are already assuming importance in different parts of India and are being keenly discussed.

The first of these questions is how far should state help be called in to help the co-operative credit movement. The temptation to seek state help is great. The object of the movement is good, the work to be done immense. With only private enterprise to depend upon, the progress made is so slow, and with state aid, the chances of a rapid progress so tempting, that people instinctly turn to the Government for money. This has been done in Germany (where pretty nearly every state has its endowed Central Bank,) in Austria-Hungary, in Italy, and in France. And in Belgium, and Great Britain, the idea is gaining ground that the very slow progress of the co-operative credit movement can be remedied by state help.

The advocates of state help really belong to two classes: those who would have state help permanently and those who would seek it only at the beginning, and would, out of it, build up an independent, self-managed movement. In its first form, the question does not often arise now. But in its second form, it is very common. The most perfect example of the kind is perhaps the French regional banks. The system under which the Government has placed an enormous sum of money at the disposal of agriculture has been already described. It is enough to point out here how it has worked in practice. Out of a sum of 100,000,000 francs set apart for the purpose of loans to agriculturists, not more than 42,000,000 has been actually employed. The restrictions, which, with a view to safety, the state has

easy. Management too, at the earlier stages does not require high technical skill, as the business done is likely to be of an elementary kind. Then again, it is natural to begin with credit because it is concerned with capital, and capital is a condition precedent to all productive effort. Thirdly, it is found that co-operative credit is the one form of co-operation for which a need may be assumed to exist in most countries, while other forms of co-operation require at least a preliminary investigation of local conditions before they could be introduced with success. A poor class who stand in need of credit is a common feature of every country, and facilities for meeting such need have to be provided. But before introducing a dairy, for instance, one has to see whether the locality is suitable for the purpose. This assumption is sometimes found to be untenable, as in the case of England and Denmark. These two countries are conspicuous for the almost entire absence of town or village banks in them. As regards England, the industrial revolution is more complete there than elsewhere, and consequently there is a large class of wage earners in regular employment who are not in need of credit. This fact probably accounts for the absence of town banks. The extensive scale on which farming is carried on, and the facility with which large farmers can obtain credit from private banks is supposed to account for the absence of the village banks. The movement, however, is not absolutely unrepresented. There are a few societies of both kinds in Great Britain, and the village banks are beginning to multiply under the exertions of the Agricultural Organization Society.

As regards Denmark, the chief reasons for the absence of the credit movement appear to be the great efficiency of private banks, and the success of Danish Agricultural Organization, which is dealt with elsewhere.

Apart from these instances, it is generally true that every country is in need of credit, credit provided for the people by the people. And in India this is specially true. "The two postulates of successful co-operative credit are: poverty and opportunities for production. And of both India has enough and to spare." "Agriculture, the great interest of the country, though bristling with opportunities, is undeveloped. There is soil in India, which in its unmanured state surpasses our British acres in its yield of wheat. But it wants to be irrigated. Irrigate social economy with a stream of gold, and you are likely to produce corresponding results. For, in economic opportunities, India is fully as rich as it is in natural. There is hidden fertility in the soil there, to which as yet nothing like justice has been done." Money in an easily available form is what is needed.

SWITZERLAND.

The Raffeisen movement in Switzerland is new and has not made much progress partly because the Swiss nation has always been thrifty, and partly also because the Swiss parishes have long been in the habit of acting as credit givers. What was really required was the substitution of old credit methods by new ones; and that the village banks have been slowly accomplishing.

IRELAND.

The Irish agricultural credit movement is quite as recent as the Swiss. But it has already assumed great importance and plays a prominent part in the economic and social life of the country. The pioneer of the Irish agricultural co-operative movement is the Irish Agricultural Organization Society, the founder and inspirer of which was Sir Horace Plunkett. Credit, however, is only part of a complete scheme of agricultural development organized by the Irish Agricultural Organization Society and the State Department of Agriculture and Technical Instruction. So far as the credit movement is concerned, however, the State has little or nothing to do with its development. At first the State offered aid which was accepted. But the banks soon found that money easily obtained was easily spent, and led to a complete withdrawal of voluntary help.

They therefore turned their energies towards securing recognition from private banks.

The movement is young but promising. The first society was started in 1895. There are now about 270 societies with a total membership of 18,000, a total capital of £. 55,000, and a reserve of about £. 3,000. The amount given out in loans is about £. 60,000, the net profits realized is about £.600. The majority of the banks are in the poor districts of the west of Ireland. The operations are very simple, the raising of small loans and relending to members. The average amount of the loan granted is about £. 7, though, in one bank which I visited, a sum of £. 50 had been given out to one member for the purchase of land.

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Such are some of the principles on which what is probably the most successful system of popularizing credit has been built up. I have described the credit movement at some length because it happens to be the form of co-operation which has made the greatest progress in India. The reasons for this are perhaps easy to understand. Firstly, the credit movement lends itself easily to successful organization. Credit institutions are, in spite of local variations, of a fairly constant type, and imitation is

point, the desideratum of co-operative banks: that they have effectively managed to attract deposits from those "worsted stockings" in quite sufficient volume to keep their till always adequately filled, so as to be able to satisfy all demands."

At present there are about 800 of these institutions. There are all formed into a Union with head quarters at Lyons.

A curious kind of village banks which one finds in France is the creation of the central Federatif du credit Populaire de France under the direction of M. Rayneri. These banks are of special interest to us since they are believed to have given rise to the classification of banks as urban and rural under the Indian Co-operative Credit Societies Act of 1904. The underlying principle in Raynei's system is that the town is the natural home of business and money and the country of economic helplessness and want; and that therefore the town banks should serve as feeder and guider to the village banks. As has been already seen, the town bank movement has practically proved a failure in France, and this interconnection of town and village banks has not therefore very fortunate. There are a few town banks like that of Mentone which have a cluster of village banks depending on them. But the rest are themselves too weak to finance other institutions.

A third form of village credit organization owes its inception directly to the State. The State considered that the results of the two movements described above were neither quick enough nor wide enough to be of practical service. The Government accordingly came out with what is a most elaborately planned scheme of agricultural credit based, perhaps, on the Prussian system. Under this scheme, the bank of France was required to lend for about 25 years free of interest a sum of 40,000,000 frances (£1,600,000) to the ministry of agriculculture to form an agricultural credit fund,and, further, to hand over every year as a free gift a sum of about 5,000,000 francs. This fund was started in 1897 and it now amounts to 100,000,000 francis. When the period terminates in 1920 it will have about 200,000,000 frances. This huge sum of money was to be for the benefit of agriculture and the way it was to be utilised was as follows :—

The ministry of agriculture was to deliver its funds to a number of central banks, formed in each case for a considerable district, technically called a region. The regional banks were, in turn to divide its funds among a large number of local banks, one for each parish. And lastly these local banks were to advance the funds to the individuals standing in need of credit in the required amounts and under proper security.

The scheme is indeed most elaborate and rules are laid down regarding the class of people who are entitled to the benefit of the fund, the purposes for which credit may be granted, and the period within which the loans have to be repaid. Further, the system itself was intended to be permanent while the supply of funds was to be only temporary. "Out of the State aided movement, as it grew stronger, was in course of time, to emerge a thoroughly independent movement, raised up indeed on outside help, as a child is on mother's milk, but when arrived at maturity, fully self sufficing. From the very outset the banks were not to be made to order. The Government would stimulate, instruct, provide the money. But it would not actually form banks. Even the regional banks must be the result of free, local effort."

To secure this result, it is required that regional banks should have a share capital—subscribed mostly from the local banks, affiliated to them. For every pound subscribed by the local banks, a sum of £4 is advanced by the State for 5 years free of interest.

[illegible] these institutions presently. The results of this State attempts have disappointed expectations. There are about a hundred regional banks and only 2600 affiliated local banks out of a possible 35,000. The amount actually advanced is considerably less than half the sum available with the ministry of Agriculture for the purpose. There is little sign that the movement will be able to be independent of all extraneous help within the next few years when according to present arrangements, State help will be withdrawn.

Belgium.

"The problem of Belgian rural credit has not been so much, as in Germany, to create thrift, which has been there from the first; but rather to draw back savings lodged with a central bank down an acceptable channel, and to induce the people to prefer a productive use of their money to the anamoly of placing savings at 3 per cent with the State, and obtaining credit secretly and shame—facedly at 10 per cent from private money lenders."

Belgian co-operation at first adopted the Schulze-Delitzsch system but it would not answer. The State then stepped in and attempted to create agricultural credit by placing the National Savings Banks at the service of cultivators. They established a number of institutions called Comptoirs Agricoles with special privileges. The experiment, however, scarcely led to any results. The method adopted was that of providing money, which was already abundant, instead of creating security, which was absent. The simple cultivator shrank from the "indignity of borrowing." He "can only be coaxed into it by having credit administered by men with familiar faces and heads which understand his case and needs."

Meanwhile, however, the influence of the Raiffeisen movement which was spreading rapidly in Germany, made itself felt in Belgium. Under the direction of Abbe Mellærts and Professor Francotte, rural credit took a co-operative turn. The Government too came to its aid by authorising savings banks to advance money to rural credit societies.

The movement in Belgium is in the hands of the Catholic Clergy. The banks started by Mellærts differ somewhat from those started by Francotte. In the latter the landlord members are rather too prominent. The membership consists of landlords and peasants, the former supplying funds (or liability) and guidance, the latter raising funds and suffering themselves to be led. Mellært's societies are more like Raiffeisan's societies though they depart from pure Raiffeisanism to the extent of having small shares, and small dividends.

As in Germany, the banks have formed into unions of which the most prominent is the Boerenbond. More than half the total number of banks are included in it. Provision of credit is only one of its objects. It organises common action among the peasantry, promotes common purchase and sale, undertakes educational and advisory work. Of late it is trying to undertake mortgage credit.

France.

French agricultural credit is interesting and instructive. The peasantry in France were, as elsewhere, ignorant and poor, and agriculture was backward. With the introduction of agricultural syndicates, however, collective buying, selling, and improved methods of agriculture came into vogue. But these required money and various expedients were tried for its provision. Private philanthropy and State aid tried to cope with the problem but proved either inadequate or unsuitable.

French rural credit movement has taken several distinct forms, all owning allegiance to Raiffeisen, but working under dissimilar principles, and acting sometimes, in opposition to each other.

The founder of the Raiffeisen system in its purety was Louis Durand. He is a staunch Raiffeisenist and a Catholic. His institutions are accordingly distinguished by a high religious aim, and amoral conception of co-operation by the side of the economic. "Durand's Caisses rurales et ouvrieres are absolutely faithful reproductions of Raiffeisen's Darlehens kassen vereine, with unlimited liability, without either shares, dividends or other pickings, or remuneration of any kind, restricted to small districts in which they work in their own humble way, and making the reserve fund common indivisible property." "Of their success, there can be no question—more particularly with respect to this

ITALY.

The pioneer of Agricultural credit in Italy was Dr. Wollemborg. Here again the Italian conditions of the times closely resemble ours. Agriculture, trade, and education were all backward. Agricultural implements were primitive, and, to the mass of the people, life was a perpetual struggle. At this stage, the work of the German Raiffeisen banks was becoming known across the Alps. But until Dr. Wollemborg came on the scene, nothing was done. He himself had to work against odds. His work was, like all noble enterprises, considered impossible. But the very first bank that he established at Lorregia was an immense success. "The propaganda begun, the diffusion worked its own way. Here, there, the author of this new institution found himself summoned, sometimes by a land-lord ess indifferent than the rest, sometimes by the 'Sindaco" or the "Paraco."

As regards organisation, Dr. Wollemborg's banks closely resemble these of Raiffeisen. His associations are generally smaller, and poorer to begin with. The interest taken and consequently the extent of co-operation is greater than in Germany. As regards personal qualification, every honest, sober, and thrifty person is eligible for membership, no matter how poor he may be.

As regards the results of this rural awakening, the following is what a distinguished co-operator says after personal investigation:—"The illiterate learn to write, in order to be admitted to the Cassa (bank), because every member must be able to sign his christian and surname. The door is closed mercilessly against those who have contracted the habit of drinking; they have mended their ways, and after that have been admitted. The rules demand guarantees of personal morality; ..... The principle of mutual aid has grown more vivid." The little banks answer to the description of an "honest and industrious family."

A slight departure from the Raiffeisen principles may here be pointed out. Raiffeisen was not in favour of shares (though the legislature forced them on his banks) or entrance fees. But some of the Italian rural banks have a small share of 1 or 2 lire in addition to a small non-returnable entrance fee. Unlimited liability is maintained to its full extent and has proved devoid of any element of danger.

These banks are of the neutral type of Germany i. e., banks where the religious, economic and altruestic elements are in harmony. The clergy, however, were dissatisfied with them and have started organising banks under their own control in which religion predominates. There really is not much to distinguish them from the neutral banks.

Altogether there are about 1,650 rural banks in Italy of which about 1,200 are catholic and 450 neutral. Of these 1,650 banks, about 1,250 are situated in North Italy, about 120 in central Italy, and about 280 in South Italy.

There is thus a liberal provision made for popular credit. But of late, Co-operative Banking has made some head way. The most prominent popular bank is the huge Schweizerische-Volksbank of Berne, with its branches all over Switzerland. It has about 50,000 members, about 55,000,000 francs share capital, and about 8,500,000 francs reserve fund. It does an enormous business which is increasing year by year. It has a very representative membership and contains artisans, agricultural cultivators, simple wage earners, small traders, manufacturers, architects, and people of liberal professions.

As regards organization, the object aimed at is to make each branch manage its local affairs under the vigilant supervision of the head office at Berne.

BELGIUM.

Reference has already been made to the Unions decredit. The history of co-operation in Belgium may be said to begin with the creation of these institutions. There are at present about six of these Unions, of which the Union of Brussels is the most important and does the bulk of the business done by these institutions. As in the case of Italian town banks, a popular feature of these Unions is the grant of a certain amount of credit to young working men known to be honest and industrious.

There is nothing co-operative about these Unions. They are distinctly useful to trade but they do not popularise credit. The founder of the popular bank movement in Belgium was Loen D' Andrimont. He was a disciple of Schulze and he introduced Schulze's system in its entirety into Belgium. But there were several obstacles in his way. Firstly, the people did not take kindly to unlimited liability. Its significance was not understood. It is amusing to read that when a proposal was made in a bank to limit the liability to 50 times the value of the share, the members looked upon the proposal with alarm though up to that time their liability was unlimited and they were answerable for the bank up to the hilt. Then again there was the opposition of the Unions de credit. For these reasons, the movement made slow progress. Out of about 37 banks started, twenty converted themselves into Joint-Stock concerns or unions de credit and the remaining are co-operative banks. They have a total membership of about 16,000; paid up share capital of 3,500,000 forms; reserve funds to the extent of 1,500,000 forms. They are not, however, doing very satisfactory work. There are of course some banks (like those at Liege and Verviers which I visited) which turn out excellent work; but the rest are not of much importance.

Much of this failure is probably due to want of a central agency. There is no uniformity, no common standard and no common control.

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Turning now to rural credit co-operation, I shall first describe the Italian conditions and then go on to other European countries.

FRANCE.

The town bank movement has made but little progress in France. Popular credit, more especially for agriculture has long been a favourite idea with the French. But the movement has not taken firm root on French soil, perhaps because of the efficiency of French banking or more probably because of a habit that the French have of looking to the State for help.

A number of schemes were tried from 1830 onwards. In 1849 a sum of 3,000,000 francs was voted for National Workshops. But in 1851 this help was withdrawn and the shops were closed. In 1860 a Society was formed to give out loans on easy terms to small cultivators. About the same time the Bank of France tried its hand at giving short loans on personal security to agriculturists. It established committees of local gentlemen, experienced and trustworthy, to receive applications for loans and negociate them. But short term loans were not what were wanted and the attempt proved a failure

For industrial purposes a central bank was started with a subscribed capital of 12,000,000 forms. Itestablished collection bureaus at various places and offered freely to finance co-operative Societies. But this too was a failure.

Meanwhile, Schulze in Germany, and Luzzatti in Italy, were carrying on their movement successfully and this could not but affect France. Chiefly under the Italian influence, a popular bank on Italian lines was started at Cannes on the Mediterranean littoral in 1875. But it soon yielded to the temptations of profit sharing and became a Joint Stock bank. The popular bank established in 1883 at Mentone was more successful. It is now flourishing and has branches at Monte Carlo, Beaulieu and Bordighera. But the bank is not exactly popular. It consists mainly of hotel-keepers, grocers, and tradesmen. There are few artisans, and the working class element is but little represented. Altogether there are now in France about 20 Popular Banks of which about half the number have formed a loose central organization with head quarters at Marseilles. When I visited it, I found that in spite of the ability with which it was managed the institution showed none of the activity, influence, and general directing powers enjoyed by its German model.

SWITZERLAND.

Switzerland, like Denmark, is a country of organised thrift and popularised credit. There is a large number of savings banks. Nearly half the population are savers and the amount of their savings is estimated at about 60,000,000 forms. These funds have to be utilised somehow, and lending is therefore a ready means of investment.

Another kind of thrift institutions is peculiar to switzerland. Its members are very small folk but they accumulate considerable sums. Some of these institutions accumulate large reserves, and by paying off the shares, make the institution the property of the community. There also similar institution which cater for a slightly richer class of people. To this list has also to be added the Contonal Banks maintained by the Cantons as public institutions.

Another body which is found only in the Italian Peoples' Banks exists to deal with all cases of dispute. Its judgments are final. In practice this body has been found of great use in maintaining harmony and keeping things in a satisfactory condition.

The absence of federation for general purposes has led to great looseness and lack of uniformity in the Italian Popular Banks movement. There is no general directing or reviewing body as in Germany. There is therefore no common rule, no common touch. Nor is there any business federation, though there has been a talk of having one.

I might perhaps refer here to the bank of Milan, the most famous popular bank in Italy. It happens to be the first bank started in Italy by Luzzatti, and its beginnings were very humble. It started in 1865 with a capital of ₹28 (700 lire), of which Luzzatti was the millionaire shareholder with 100 lire. As will be seen later this was also the sum with which the Rochdale Pioneers started. Both the Joint Stock Banks and the Friendly Societies supported the new venture as a safe investment for their surplus funds. Almost at the threshold of its existence, it had to weather through a financial crisis. This it was able to do owing to the ready resource of its founders and managers. After that, its success was insured. More than one crisis occurred in Italy but left the Milan Popular Bank untouched. Now it is one of the marvels of Italy. It has a membership of about 25,000 and a paid up capital of about 10,000,000 lire on about 200,000 shares. Its reserve fund amounts to about 5,000,000 lire. The bank holds about 130,000,000 lire in deposits and about 33,000,000 in savings. It serves as a Central Bank and discounting house for a large number of smaller banks.

The bank of Milan is indeed a signal instance of the success of Luzzatti's system. As he himself said, "half my heart is wrapt up in the Peoples' Bank of Milan." But there are a number of other banks such as those at Bologna and Cremona (which I visited) which turn out equally good work. The success of these banks, as also of those formed on the same model is due to the gratuitous service of its members, the non-limitation of capital, the smallness of the loans, the care with which the business is conducted and the preference of cheap and safe credit to heavy dividends.

A peculiarity of the Popular Banks is that they distribute among deserving poor people what are called loans of honour. These are not intended as gifts and are given through a committee chosen by the bank itself as in Bologna—or through a Friendly Society as in Cremona. These grants are small, and I was told that the losses on them were very small. Another peculiar feature is that they undertake a considerable amount of charitable work. Opinion may differ as to whether this is proper business but there is no doubt that it secures supporters to the movement.

The second point of difference was in reducing the shares and the time allowed for paying them up. Instead of large shares to be paid up in a very long time, Luzzatti introduced smaller shares to be paid up within a short time, generally 10 months. The usual German shares are about £15 to £20; but the Italian shares rarely exceed 40 to 50 lire—£2. The liability being limited, it follows that members are at liberty to take up more shares than 1 up to a limit of 5,000 lire.

A third point of difference lies in the fact that Luzzatti insisted strongly on gratuitous services while S. D. equally strongly insisted on paid services. Luzzatti utilized for his purposes the readiness of the Italians, as a race, to give voluntary unremunerated services, involving onerous duties in public interest.

The organization of the society is more democratic than in the case of the German model. There is first of all the General Assembly which is supreme in all matters. The general management of business, including the election of members, is entrusted to a representative organ called the Consiglio d' Amministrazioni—Committee of management—corresponding roughly to the German Vorstand, but differing from it in being numerically much larger. The actual number varies from 7 to 130 or 140 according to the size of the bank. The business of the Consiglio is to control the Manager, Cashier, and the other paid officials of the bank and to look after the audit branch. For the latter purpose, the consiglio tells off 3 to 5 of its members to form an audit committee called the Sindaci. No transaction is valid without the approval and signature of one of the members of the Sindaci.

In matters relating to credit operations with members, the consiglio is assisted by two bodies: the Comitato disconte (discount committee) and the Comitato dei Rischi (Risks committee). The comitato disconte is elected at the annual meeting and consists of 15 to 40 members whose special business it is to consider applications for loans or advances. They prepare for their use a private register, always kept up to date, in which the extent to which each member may be trusted with credit is recorded. The specific business of the Comitato dei Rischi is to watch the use of credit already granted and to secure its prompt payment. In the course of its business, this committee keeps a record of all transactions done with members and sureties, and of all facts having a bearing upon the qualification of members as borrowers.

So far it is German co-operation that has been described: the Schulze Delitzsch banks with their unlimited liability, large shares and dividends, and indeterminate area; and the Raiffeisen banks with their unlimited liability, no shares or nominal shares and parish areas. The success attending them has naturally led to various adaptations and limitations in Europe. Schulze's system does not very readily lend itself to adaptations but even here there has been a free remodelling of it by Luzzatti in Italy. The Raiffeisen system has been more elastically treated. "There are, in this system, three distinct elements rolled into one, any one of which may be picked out and made the main feature, to the partial or entire exclusion of the others. There is an economic element in it of course; a religio-educational one, and an altruist in the sense of inducing the well-to-do members to provide money or credit for the poorer." Instances will be met with of these modifications in the following brief description of co-operative banking in some of the principal European countries.

TOWN CREDIT MOVEMENT.

Italy.

I take Italy first because, I believe, the conditions of Italy when co-operative banking was introduced closely resemble Indian conditions. Usury was rampant; banking methods were antiquated; commerce was but little developed; and agriculture was still backward. Opportunities for the production of wealth were unutilised on account of poverty.

Various attempts had been made to improve the conditions by means of charitable organisations and State aid. Italian Joint Stock banks and Savings banks were pressed into the service. But they were powerless to effect real and lasting improvement. It was Luigi Luzzatti and Dr. Wollemborg who discovered in co-operative banking the true means of improvement.

The pioneer of Italian town co-operation was Luigi Luzzatti. He was a student of Schulze Delitzsch and started his work on the same lines; but he soon found that a mere mechanical reproduction of Schulze Delitzsch's system would not do, and that it required modifications. He accordingly produced a new type which is now known as the Luzzatti model.

His first departure from Schulze's system was the substitution of limited for unlimited liability. He had the genius to see that though suited to the Germans, unlimited liability was alien to Italy, where organised credit was unknown and where the distribution of wealth was very unequal. The fear that the limitation of liability would not succeed in attracting capital proved unfounded, and Luzzatti's scheme was a triumphant success. That it was so was in a great measure due to the readiness with which private banks, Saving banks and similar institutions took the new movement under their wing and supplied it with the needed credit.

only the Haas Societies outside Prussia are members. These help to finance and regulate the business of the Societies through the central Darlehenskasse in the first case, and the Provincial Kassen in the second.

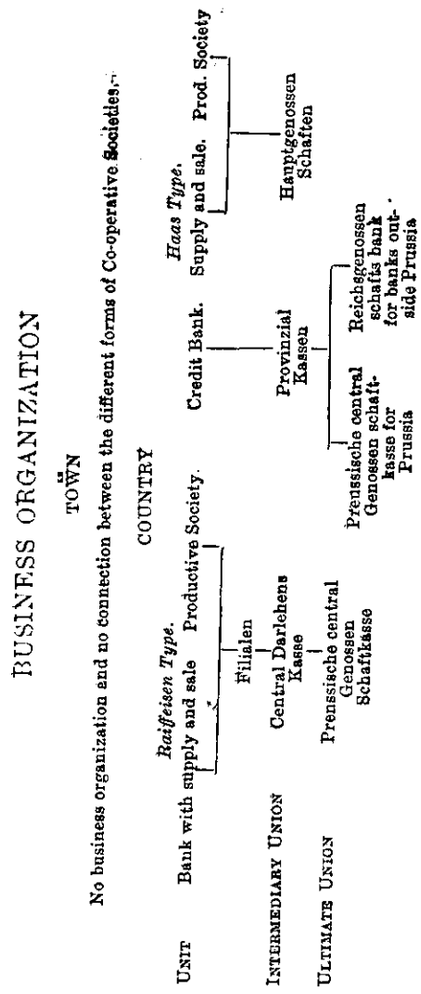
The Provincial Kassen and the Central Darlehens Kasse may be discribed as Central Banks for all forms of agricultural co-operation. The latter is a "Bank of Banks" and, having the whole of Germany within its sphere, it renders invaluable aid by making available the surplus funds of one province to meet the deficiency of another. For this purpose the Provincial Kassen or the District Banks of the Haas Societies are not so well adapted since deficiencies are likely to occur rather by districts than by unit bank areas.

The Preussissche Central Genossenschaftkasse, which is a bank established by the State to help and develop agriculture, is an instance of State assisted co-operative credit. It started with a capital of 5,000,000 marks now increased to 50,000,000, for the purpose of affording credit at a low and, as far as possible, unvarying rates of interest to small industrial and agricultural classes. So far as the industrial classes are concerned the bank is a failure ; for the S. D. banks strongly resent State interference, and refuse all assistance from the bank. It therefore does the bulk of its business with agricultural classes. It is the first institution which successfully methodised State aid to co-operation, and has accordingly come to be regarded in other European countries as a model to be copied. Its work is warmly praised by partisans of State aid, and is equally strongly denounced by strict co-operators.

The Prussian State Bank deals with Agricultural Societies, whether credit Society or Productive Society, on condition that they are organized in Unions. The minimum number of members required for a Society is 7, and the minimum number of Secieties required for a union is 7. If, therefore, forty-nine people simply agree among themselves, they can qualify themselves for State aid; and this has some times been put forward to show how easy it is to secure State aid. But one may doubt if it is so very easy afterall for 49 persons living in different parts to agree among themselves to the extent necessary to qualify themselves for State aid.

Regarding its actual work, the bank grants credit both to credit banks and other agricultural co-operative Societies. But in the first case, it rather serves to regulate funds through the Provincial Kassen and the Central Darlehens Kasse and the charge against the R. Banks that they depend on the State is, to that extent, unfounded. The chief services rendered by the Prussian State Bank to agricultural co-operation are two; it serves agricultural organizations from being affected by the fluctuations of the money market and it does not impair the solvency of the borrowers.

The operation of this bank is confined to Prussia. The Societies outside Prussia have therefore organized a Central Bank of their own called the Reichsgenossenschafts Bank. It has been created without State support. Besides serving as a Central Bank this Bank has agents who buy raw material for the non-credit business Societies.



It seems unnecessary to describe in detail the connection between the different institutions mentioned in the table. The really important point is that co-operative societies do not look to the State for financial help in their progress but that they combine for the purpose. Indeed, the Union is an advance from co-operation among individuals to co-operation among societies.

For purposes of general organization, three general Unions;—the Allgemiener Verband for the Town Bank, Store, Building, Society, and Productive Society; the General Verband specially for the Raiffeisen type of Village co-operation; and the Reichsverband for all village co-operation— Raiffeisen and Haas.

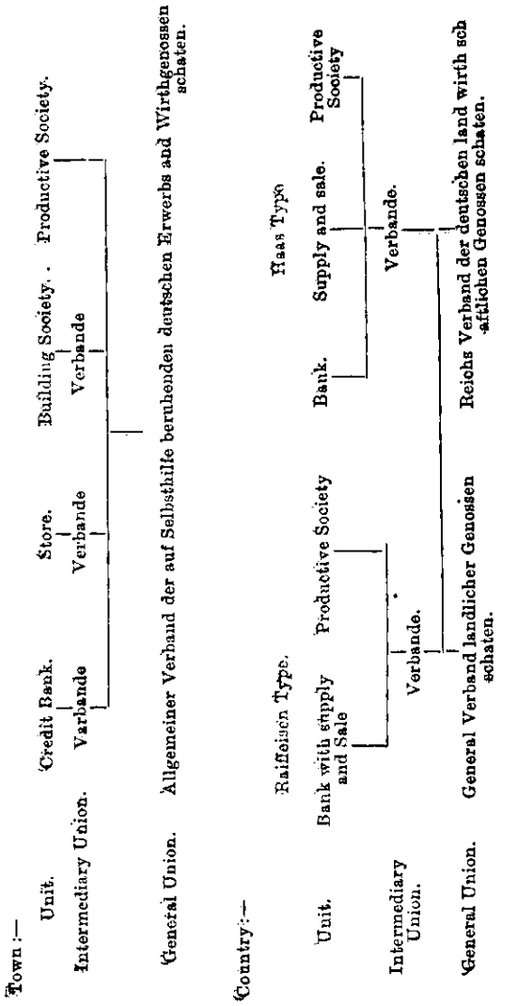
The Allgemeiner Verband meets in congress once a year, has an executive which gives advice on legal points and publishes a journal. Its principal business is the discussion of national questions and the formation of national policy. For purposes of provincial topics and provincial policy the banks of each province unite in a verband. There is no business federation among the town banks or among the different forms of town co-operation.

In the country, however, both the credit and the non-credit societies have general as well as business federation. Not much need be said regarding the general federation. Its functions are again purely educational and propogandist. It renders invaluable help to students of co-operation by putting them in the way of studying the working of the co-operative movement.

Coming to business federation, there are two ultimate unions, the Preussische Central Genossenschaftkasse of which all Raiffeissen types of societies and such of Haas' as are situated in Prussia are members; and the Reichsgenossenschafts bank of which

country, the union forms an integral whole, co-ordinating inseparate parts." The following tables explain how the units are combined.

GENERAL ORGANIZATION.



of institutions, they have grown from about 900 in 1890 to about 4500 now, Their share capital is about 4,000,000 marks, reserve fund about 16,000,000 marks, and their liabilities and assets are about 500,000,000 each. Savings deposits alone amount to about 350,000,000 marks. Management expenses amount to about 3,000,000 marks. [These figures are only approximate. Accurate figures were not yet available when I visited Germany in the Spring of 1911.

More than 50 per cent of the agriculturists of Germany are members of Raiffeisen's banks. The average size of the loan is about 500 marks, the average rate of interest about 4 to 5 per cent. The loan usually extends up to the period of its fructification and reproduction—generally from 1 to 10 years.

The work done by these banks has been warmly praised wherever they have been tried. "The setting up of Raiffeisen associations means the pulling down of work houses." One writer sums up their distinguishing traits as follows—"extreme simplicity and cheapness, non-allowance of any dividend, limitation of the district to a parish or a hamlet, the strict prohibition to touch the reserve, the support of the clergy, the common liability replacing the helplessness of the agricultural units, the prevailing spirit of devotion and sense of social duty." There are indeed no institutions which answer so perfectly the true conditions of agricultural credit, alike from the moral and from the economic point of view. In the words of Sir F, A. Nicholson "Find Raiffeisen" and you will have saved the Indian agriculturist.

Before concluding this description of village banking, I might refer here to a point which properly comes under agricultural co-operation. The Raiffeisen bank is in Germany the basis of all agricultural organization. In the wake of credit co-operation sprang up also co-operative supply, co-operative production, and co-operative diaries. In most cases the credit bank has nourished these other forms of village co-operation. Indeed, the bank sometimes utilises its reserve fund in promoting these institutions, Co-operative vintries, purchase and common use of machinery, co-operative granaries are all often the outcome of village banks.

In the purely Raiffeisen type of institutions, the bank itself conducts other departments of co-operation such as the supply and sale of agricultural commodities. The costs of management are thereby diminished and the harmony of village life is promoted. But there is another organization, called the Haas organization, which advocates the separation of non-credit business from banking proper. The point is not of much practical importance except with regard to the hghier organization of co-operative credit to which I now proceed.

The units of town and village banking are formed into higher unions for general organization and educational propaganda; and in the case of village banks for purposes of credit also. "In the case of the town, the general union is one of such industrially independent units as credit banks, stores, productive societies; but in the case of the

As already stated, each association is confined to one parish, or to a union of two or three Raiffeisen's idea was that there should be no shares; but as the German law insists on shares, the Societies have a nominal share of 6 marks and under. No dividends, however, are declared on them. All profits remain the collective property of the Society. Part is set apart as reserve fund and the other part is set aside as foundation fund. The first, like the ordinary reserve fund of the town bank, can be used to meet occasional deficiencies, but the second is a peculiar feature of village banks. "It belongs to the entire body of members, and can on no account be shared out. It may be used to meet deficiencies in exceptional cases, it may be used also to supply the place of borrowed capital, and, lastly, if it outgrows the needs of the Society, it may be applied to some public work." Even when the society comes to grief, the fund cannot be shared out. It is provided that in such a case, the money should be handed over to some public institution until it is required for endowing a new institution in the district, or for purposes of a local public work.

The capital of the Bank consists of the small savings and deposits of either members or non-members, received in sums of one mark and upwards. Where this is insufficient, the village Bank borrows from a Central Bank [which will be described presently.]

The funds thus available are utilised for—

(1) Simple loans.
(2) Current accounts and
(3) Property transfers.

In the case of the simple loan, the security required is, as in the case of S. D. Banks, personal, though land mortgage and deposit of collaterals are sometimes utilised. Personal pledge is of a much stricter nature than in the town bank. Further, the borrower has to convince the society that the loan is required for a productive purpose, and that his venture is likely to turn out successful.

Current accounts are rare, and obtain only in banks with a good proportion of industrial classes among its members.

Property transfers are but sparingly undertaken, and they are of two kinds. In the first case, the bank simply advances funds to a member to purchase land. Thus if A is in urgent need of money and wants to sell his land, and B wants to purchase it but has not got funds, the bank advances the funds to B, holding a mortgage on the land in question. In the second case, the bank itself buys up the estate and holds it for sometime. The object is to prevent a heartless land dealer from forcing a sale of his debtor's land, when the estate market is unfavourable. In such a case, the bank bids against the dealer and, if necessary, buys up the estate with a view to resell it later. Any profit which the bank may make on this resale is handed over to the debtor.

The results achieved by the Raiffeisen's banks are striking, and they have had a host of imitations and adaptations both in, and outside, Germany. Confining our attention to the purely Raiffeisen type

limited, and that to utilise their mutual knowlege to the best purpose, the sphere of the banks work must be very limited. These principles have accordingly come to be regarded as the essential features of Raiffeisen's Banks.

Raiffeisen's system is briefly described as follows:—

"A promising district, as small as is consistant with a reasonable amount of work, is selected for the starting of an association; the pioneers elect fresh members with great care and discretion, the object being, not to have a large membership, but to keep out all undesirable characters. The members may be rich or poor, but no distinction of any sort is made between them, except that the former having more to lose in the event of the bank's failure, and possessing also greater familiarity with business, are allowed to take the leading part in the administration of business. A committee of five is elected for four years to take charge of all executive work. To check and supervise the work of the committee, and to overhaul the accounts, a council varrying in strength from 3 to 9, if possible always more than the Committee, is elected for three years. Unlike S. D. Banks, neither the Committee nor the council draw any remuneration in the shape of salaries or commission. Only one man is paid, the Cashier and he has no voice in the management."

The work done is of the simplest kind, consisting mainly of borrowing and depositing. All risk is, as far as possible, avoided.

Above the Vorstand, is a larger body called the Aufsichtsrat, elected by the members at the general meeting, and representative of all sections of the membership. The success of the bank depends on the manner in which the Aufsichtsrat discharges its function. "Its proper business is to control-to control and check everything that is done-not merely to audit and see that the provisions of the law and the rules laid down are observed and to compare the cash in hand with the accounts, but also to enquire, whether in every case, proper security has been taken, and has been maintained, and in general, whether the Vorstand has rightly exercised its discretion." Schulze was not in favour of gratuitous work, and he granted remuneration even to members of the Aufsichtsrat. But the service is being now rendered voluntarily in most cases.

Above all is the general assembly. It elects the Aufsichtsrat and the Vorstand. It also elects fresh members. Practically all respectable persons who can afford to pay for a share are considered eligible. An entrance fee may be fixed by each Society, but is as a rule not very large, and it is credited towards the reserve fund. It is not returnable on the resignation of a member, For reasons of safety, facilities are not given for retirement. Notice is always insisted upon, which may extend from three months to two years.

Not much more need be said of these banks. The average amount of credit granted to each member has been steadily increasing from year to year and now it is about 5,000 marks (£ 250). The figure does not represent the actual size of the loan, which is about 1,000 marks. If this is renewed four times during the course of a year, it stands in the member's accounts as a loan of 4,000 marks. The term of the credit is generally 3 months and it is sometimes renewed. The rate of interest charged on loans has steadily declined from about 6·3 to 5·2 while the interest paid on deposits has declined from 4·7 to 3·5. The difference between the interest charged and the interest paid represents the profits of the bank. Out of this, sums are set apart for the reserve fund, working and educational expenses. The rest provides the shareholders' dividends which amount to about 6·1. The greater number of banks pay from 6 to 7% but a few banks pay so much as 2%. On the whole, the rate of dividends is governed by the local rates.

RAIFFEISEN'S VILLAGE BANK.

The Raiffeisen bank is an application of Schulze's principles to the requirements of the country. The difference in surroundings render a considerable modification of these principles necessary. Schulze worked in the towns among townsmen, and mainly for their benefit. His banks were not intended to benefit the very poorest class. Raiffiesen, on the other hand, worked in the country, and his object was to benefit the very men who were outside the scope of Schulze's banks. In working out his scheme for their improvement, he found that, being very poor, his men should not be called upon to take up shares, that consequently liability should be un-

Not much need be said regarding cash credit. It is an application of the Scotch cash credit system to co-operative banking. A credit limit is fixed to the member, within which he draws according to his needs. He pays in sums received during the course of business and pays out sums owing. Security is as a rule required; but the system lends itself to the employment of "Blanc-Credit." This can be safely done as the bank keeps an accurate check on the member's position through the transactions occurring under his name.

The granting of credit by means of discounting trade bills of exchange and, incidentally also, the raising of funds by re-discounts of such bills by outside banks is more complicated. The operation is somewhat as follows: A is a member of a bank; B is a debtor of A's; and C is the bank. A has rendered certain services to B for which B owes him money, But by law or commercial usage, B is allowed to defer payment for three months. A, however, wants his money immediately. In such circumstances, he draws a bill as follows: "Three months from date do you B, pay to the account of C the sum of 10,000 marks." B accepts this bill. On the strength of the bill, the bank pays over the amount to A after deducting a discount. The bank thus comes to the help of both A and B. Obviously this is possible only where the bank knows the outside debtor to be financially sound.

It will be seen that the loan differs from the discount bill of exchange. "The bank grants a loan to a member to enable him to engage in a future transaction; it discounts a bill of exchange in order that he may obtain immediate payment for a past transaction."

This distinction is of some importance where re-discounting a trade bill of exchange is concerned, Such re-discounts are necessary if the bank does not happen to have enough funds with it. In that case, it adds its own signature and security to that of the creditor, and gets the bill re-discounted by an outside bank. In the transaction, it makes a profit by charging the creditor a little more than what it pays to the re-discounting bank. This would be a dangerous kind of business for banks to undertake but for the high technical skill of their managing bodies. Since a financial crisis in 1907, when these discounting banks suffered heavily, attempts are being made to reduce the grant of credit by re-discounts.

Such is the work of the ordinary town bank. The operations described are carried on by a paid Committee of three men (members of the bank) called the Vorstand, who devote their whole time to the bank's work. One of them attends to the money department, and another to the accounts. The third keeps a close watch on the other two, and acts as a chairman. Two signatures at least are necessary for every transaction. The responsibility of the Vorstand is joint and undivided. They judge of a member's credit worthiness and regulate the employment of the funds. They are elected generally for three years. Considerable latitude and freedom of action is allowed to them so as to increase their efficiency as an executive body. The subordinate staff of the bank is under the orders of the Vorstand

INTRODUCTION.

THE co-operative movement in Europe is one of a large number of labour movements which exist for the purpose of improving the social, moral, and economic conditions of the working and agricultural classes. The competitive principles of modern times has rendered the great labouring masses helpless in their struggles with their employers, who have come to regard the latter as a means to be exploited for their personal enrichment. The ignorance, poverty, and vice to which this unrestrained play of competition gives rise has set people thinking and various schemes are being tried for organizing the workers and ensuring their well-being.

The first attempt to make common interest the basis of an economic system was made in England by Robert Owen in 1835. He saw with pain the distress caused to the working classes by the revolution in industry and commerce which took place in England during the last quarter of the 18th Century, and the first quarter of the 19th, and he set about devising a scheme for improving their condition.

The condition of the working classes in England at this period was sad indeed. The typical manufacturer of old England worked with his own hands, aided, when necessary, by his family and a limited number of apprentices. The apprentice became, in due course, a journeyman, and then a master in his own right. There was no permanent division between the employer and the employed. Work was carried on under the master's roof; he owned both the means of production and the finished product; and he enjoyed, with his family and his apprentices, the fruits of their common toil. Besides, the manufacturer usually possessed a few acres of land which he cultivated when trade was bad and which thus afforded him an additional means of livelihood.

This simple and happy condition of society was slowly changing during the 18th Century. Peace in England and abroad, improved means of communication, the opening up of new markets, and the existence of coal and iron in close neighbourhood—these and other causes stimulated trade, and the capitalist was quick to take advantage of these changed conditions.

"In the textile industries, this embryo capitalist would advance the raw material to the manufacturers, take from them their finished goods, and sell

List of Places visited.

Plymouth.

Hebden Bridge.

Bradford.

Huddersfield.

Rochdale.

Manchester.

Liverpool.

Kettering.

Wellingborough.

Leicester.

Desborough.

Walsall.

Letchworth.

Ipswich.

Stotfold.

Winchester.

Petersfield.

Pershore.

Scawby.

Walton.

Norwich.

Harwich.

Leeds.

Cambridge.

Reading.

Brighton.

Bournemouth.

Port Sunlight.

Birmingham.

Dublin.

Limerick.

Enniscorthy.

Lombardston.

Solohead.

Wexford.

Cork.

Killarney.

Glenflesk.

Londonderry.

Belfast.

Carndonagh.

Malin.

Malin's Head.

Galway.

Donegal.

Gleneely.

Tirkane.

Gleneely.

Dungloe.

Bologne.

Paris.

Lyons.

Marseilles.

Nimes.

Lille.

Frankfort a/m.

Neuwield.

Anhausen.

Mainz.

Rudesheim.

Weisbaden.

Mannheim.

Heidelberg.

Darmstadt.

Karlsruhe.

Winterthur.

Constance.

Zurich.

Lucerne.

Zug.

Interlaken.

Brienz.

Berne.

Basel.

Milan.

Cremona.

Reggio Emilia.

Piacenza.

Florence.

Bologna.

Rome.

Naples.

Verona.

Venice.

Innsbruck.

Munich.

Salzburg.

Vienna.

Prague.

Carlsbad.

Dresden.

Leipzig.

Berlin.

Rostock.

Warnemünde.

Kopenhagen.

Aarhus.

Hamburg.

Bremen.

Amsterdam.

The Hague.

Rotterdam.

Anvers.

Brussels.

Ghent.

Bruges.

Ostend.

Verviers. Liege.

these at a profit in a distant market. In other trades, he would gather his men into a workshop, supply them with tools, and set each journeyman or apprentice to one part of a job, so that all workmen might attain the maximum speed and skill." As the labourers received no more than what they were earning as individual workers, it followed that the advantage resulting from this increased activity, skill and speed was entirely monopolized by the capitalist organizer.

Further, this change in industrial conditions had also the effect of partially divorcing the producer from the instruments of production and the means of subsistence. With the introduction of machinery and the substitution of mechanical power for human labour, the process of separate was completed and the dependence of the workers on the capitalists became absolute.

The introduction of machinery stimulated the spirit of invention and improvement, and increased the power of the mercantile classes; and these, in turn, produced an intense desire for the attainment of one object: the production of material wealth. And in the feverish haste to attain this object, the thoughts and the feelings of the richer classes were entirely subservient to the greed of gain and the passion for wealth. Competition became the guiding principle in the relations between the employer and the employed, and cash payments became the sole tie. One by one, mediaeval regulations, fixing wages and conditions of labour, were repealed or rendered inoperative. Costly adult labour was replaced by underpaid and underfed child labour. Workmen were thrown out of employment, and there arose in the country a large body of unemployed men, degraded, demoralized, ignorant and starving.

It was in these circumstances that Robert Owen conceived the idea of a co-operative system of industry to replace unrestrained competition. The original object of the movement was to establish self-supporting communities, distinguished by common labour, common property, and common means of intelligence and recreation. It is unnecessary to describe here at length the early efforts of Owen and his followers. Their attempts were socialistic in their tendencies and failed in their immediate objects. But they produced two notable results:— They paved the way for a large mass of beneficent labour legislation, and they supplied the idea for the modern co-operative movement.

(1) Small saving accounts of members or non-members, generally held by wage earners, peasants and junior member of a family. Having a good use for their money, the banks compete successfully with savings banks. They give a higher rate of interest, and calculate such interest from the date of deposit to the date of withdrawal. The interest generally paid is about 3 or 3½ per cent, while about 5 per cent is charged when they are lent out. These savings are a steady and reliable source of capital, but the system has to be worked with care, and a sudden demand for money by a large number of depositors guarded against. This is generally done by fixing a notice term, and varying the rate of interest according to the length of the term. In practice the banks do not hold very strictly to this condition. They are generally prepared to pay on the request of the depositors.

(2) Deposits of large amounts held at short notice. It was one of Schulze's aims that his credit institutions should become the savings banks of their districts. That they have done so is evident from the fact that, at the end of 1908, a sum of about £24,000,000 had been desposited in about 850 banks.

(3) Drawing accounts, worked generally with the cheque system. The banks act as paymen for their customers up to the limit of their accounts.

(4) Special loans for special purposes raised from individuals or companies.

(5) Certain kinds of public funds which the banks are authorized to hold.

(6) Re discounts by outside banks [about which more will be said presently].

The bank uses the funds thus vaised in granting credit to members in two ways :—

(*a*) Loans and.

(*b*) Discounts of trade bills of exchange.

The loan may be in the form of a definite advance of money, or in the form of cash credit. In the case of the simple advance, the borrower executes a promissory note (I. O. U) or a bill of exchange. In the case of cash credit, the extent of the credit is determined by the borrower. In both cases the borrower receives a sum of money which he ultimately repays to the bank. In practice, the bill of exchange is preferred to the bond for reasons of convenience in respect of recovery of debt, or of re-discount by an outside bank.

The security against which the advance is made is of the following kinds :—

(1) security of friends.

(2). real security.

(3) chattel security.

(4) no security except in the good name of the borrower.

Security of friends is the key-stone of the Schulze Delitzsch banks, and the distinctive feature and contribution of co-operative banking. It awakens a sense of responsibility, gives an insightin to the principles of business and diffuses an appreciation of the productive power of money. "This system has a great effect upon the moral habits of the people, because those who are securities feel an interest in watching over their (borrowers') conduct, and if they find that they are misconducting themselves, they become apprehensive of being brought into risk and loss," and so withdraw the security. The practical effect is "that the sureties do in a greater or less degree keep an attentive eye upon the future transactions and character of the person, for whom they have thus pledged themselves." A powerful moral check is thus exercised over borrowers. For these reasons, real and chattel security, though useful in their way, are not encouraged, and where they are employed, they are employed under exceptional circumstances, and under skilled direction.

The cash credit is a Scotch institution. It is known in England under the name of overdraft. Under this system, a bank opens to a member, on the guarantee of accepted sureties, credit up to a figure agreed upon. The member is at liberty to draw up to the limits fixed by the bank. The actual extent of the credit utilized is determined by the borrower, and interest is charged only on that amount.

The Scotch cash credit has done much to Scotland in developing her resources, and in encouraging habits of thrift and frugality among the people. But it is really useful to the middle class people. The well-to-do artisan, farmer or manufacturer makes the greatest use of it. The credits granted usually amount from £200 to £500, and they scarcely ever fall below £50. Further, the security taken is distinctly real.

The problem could indeed be solved only by co-operation, and the credit of having successfully worked it out belongs to Germany. The pioneers there of the co-operative credit movement were Schulze and Raiffeisen who established the townbank and the country bank respectively. The year 1848 was one of general distress throughout Europe, particularly in the case of small artisans, tradesmen and agriculturists. Schulze confined his attention to the first two classes, and Raiffeisen to the third. Their methods were therefore somewhat different, but it was the firm conviction of both that "improvement was possible only when it depended upon, and came from the people themselves."

Schulze's Town Banks.

The Schulze—Delitzsch banks were started principally for the benefit of artisans, small trading and professional classes. Their clientele was thus largely, though not solely urban. Their characteristic features are unlimited liability, large shares, encouragement of thrift and productivity of the loans granted. Beginning about the middle of the 19th Century, these banks have now multiplied enormously in Germany, and elsewhere. In Germany the banks are grouped in unions, which, in their turn, are linked to a central agency. But the autonomy and independence of the individual banks are not interfered with, the union and central agency exercising only advisory and inspecting functions.

The town credit banks are middle class institutions intended to provide credit for their members. The necessary funds are raised by means of shares and unlimited liability. Each member of the bank must subscribe a share, which is deliberately fixed high with a view to teach thrift to its members, and to render the bank independent of outside help. Its value varies greatly, from 100 marks (£5) to 1000 marks. (£50) The average paid up share is about £15 to £20. The share may be paid up in small instalments, but as dividends are reckoned only on the paid up part of the share, there is an inducement for the members to pay up their shares in full

The profits of the society are devoted during the first year or two to the reserve fund, and are afterwards distributed into two parts: one part going to the reserve fund and the other to the share-holders according to their shares. It was intended that the reserve fund should amount to 50 per cent of the share capital, but as a rule it is now about 20 per cent.

Further supplies of capital are obtained by the following means:—

The problem which co-operative banks have to solve is how best to provide credit to people who are unable, under existing conditions, to obtain it in the ordinary banking institutions. Credit is the supply of capital by one person to another on the latter's real, chattel, or personal security. Ordinary banks require real or chattel security. They often accept personal security, but this is only in cases of men known to be safe. The only security which the small man can offer is of the personal kind, and as this is useless for him with the ordinary banks, he is compelled to have recourse to the money-lender. The disastrous results of going to the money-lender are too well known to require mention. If therefore the small man is to command credit without being ruined, some system will have to be devised which makes his personal security available for purposes of credit, and satisfies the conditions of true credit, viz, proximity, safety, and facility.

It seems to have been thought at one time that the poor man had no need for credit, but it is now admitted that such need exists. Praiseworthy attempts have been made from time to time by philanthropic persons and by the state to reach the small man, but the results have not been satisfactory. I shall here mention only two of the best known attempts: unions de credit and cash credit. The Unions de credit were first started in Belgium and, in spite of the risky feature of their organization, they spread into Switzerland and France. Briefly, these unions consist of a large number of members, each usually taking up a share of about 200 francs, on which he pays up 20 francs. The taking up of a share entitles a member to a credit of 2,000 francs. Dangerous and unsafe as this institution looks, it has worked satisfactorily, probably because of the extreme care with which members are chosen, and the scrupulous honesty with which they discharge their obligations.

Before proceeding to describe the different forms of co-operative effort, it is perhaps necessary to indicate the nature of the subject and its scope and limitations.

Co-operation is now a new force of industry and agriculture. Its main principles are concord, economy, equity and self help. A co-operative society has been defined as "an association for the purpose of joint trading orginating among the weak, and conducted always in an unselfish spirit, on such terms that all who are prepared to assume the duties of membership may share in its rewards in proportion to the degree in which they make use of the association." Thus, a co-operative society contains the following elements:—

(1) An association of
(2) weak people for
(3) trading purposes under
(4) free and unselfish conditions.

There are various institutions, which contain one or more of these elements, and with which, therefore co-operative societies are sometimes confounded. To give a few instances, charitable institutions, friendly societies, trade unions, trusts, and joint stock banks are of this class. But while sometimes the resemblance is very close, there always are points of difference.

The charity organization "is concerned with the sick man as such; it exists to heal his wounds and send him out whole from the hospital for another venture on the path of free life. In proportion to its success, its field of activity diminishes, for the aim of charity is, or should be, to abolish charity. "The poor you have always with you" is not an ultimate pronouncement but a practical home truth. Co-operation is to charity organization as prevention is to cure."

The object of both the friendly society and the co-operative society is to teach thrift and foresight. "But while a co-operative society is concerned with the business of its members, the friendly societly is rather concerned with the fruits of that business."

Co-operative societies are closely connected with trade unions, but the two act in different spheres. The trade union exists primararily to bargain with the employer on behalf of the employed. It does not, like the co-operative society, carry on trade.

It is more difficult to distinguish co-operative societies from trading combinations and from joint stock banks. In fact some kinds of co-operative societies tend to become no better than trusts and

joint stock banks. Examples are not infrequent where the desire for profits has overcome the Co-operative spirit, and institutions, starting on co-operative principles, have degenerated into mere profit making concerns. The difference, however, between these two forms of institutions lies in the class of people who combine, and the spirit in which they carry on their work.

* * *

The earliest forms of co-operation the workers' society and the store, but its field is now much wider, and includes 4 main departments :—

(1) Co-operative banks,
(2) Co-operative agricultural societies,
(3) Co-operative workers' societies, and
(4) Co-operative stores.

The names themselves are sufficiently descriptive of the nature of the institutions. The first three forms of co-operation are associations of producers, while the fourth is an association of consumers. "It will appear that in all but the workers' societies, the act of co-operation resolves itself into this: the assumption by the members of certain functions of organization and management hitherto neglected or inadequately performed by third parties. In the workers' societies, however, which is a unique form of co-operation, the members take over functions which are adequately performed, but not under conditions of employment which satisfy the workers concerned."

I shall now briefly describe the province of each of these four fields of co-operative activity.

* * *

PART I

CO-OPERATIVE CREDIT.

Co-operative credit societies exist to supply credit to their members, and are of two kinds: the town credit bank and the rural credit bank. The first consists mostly of industrial producers; the second mostly of agricultural producers. This distinction is sometimes exaggerated, and the town credit bank is sometimes spoken of as if it were useless for the purposes of the agriculturist. But statistics show that in Germany where town banks are most flourishing agriculturists form more than 25 per cent of the members of town banks, thus proving that they can be of as much use to agriculturists as to artizans.

As regards the area of the supply societies, there is no necessity, as in the case of the rural credit societies, to confine operations to small areas. Indeed, the scattered position of a rural population makes it difficult for a supply society to realise the advantages of a large scale establishment. The tendency, however, is to have limited areas and to realise the economies of large scale organization by establishing relations with federal wholesales.

Business is conducted by sale to members at market rates, the surplus profits being divided among the purchasers according to the amount of purchase. This point will be dealt with in greater detail when speaking of stores. There is in some cases a rule that members should make all their purchases at their own local societies, and that the local societies should bring all their custom to the wholesale. In practice, the relation of the members to the societies, and of the societies to the wholesale is not very strict.

Co-operative Productive Societies. Co-operative Productive Societies are of different kinds, according to the kind of agricultural products dealt with. Dairies, Bacon curing Societies, Vintries and Distilleries are examples of co-operative production. They are all included in the general term 'agricultural industry,' in which the product treated is closely connected with the soil, and has, ordinarily, to be dealt with near the place of growth. As can be easily seen, the co-operative process involved consists in effecting a change of form and generally of place also. These societies have therefore to deal with industrial problems. Their success depends upon the efficiency of management, and the extent to which machinery is used. On account of the complexity of their operations, productive societies are always independent, and are not attached to other organizations.

It seems unnecessary to deal here with all the different kinds of productive societies. For the present at least, dairies appear to be the only suitable kind of societies suitable to Indian Conditions. I shall therefore briefly describe a dairy as it exists in Ireland where the most up to date dairies are found.

A dairy costs about £. 1000 to £. 1200. The capital required is raised by means of shares from members. In Ireland the dairies have limited liability, in Denmark unlimited liability, and elsewhere both. The share holders are generally the suppliers of the milk, private individuals, and a few co-operative societies. In addition to shares, each member is required to take up loan guarantee shares, equal in amount to his nominal holding. Any further funds required are raised by means of loans from a private bank. Out of the profits made by the society, a fixed rate of interest is paid to capital, a portion set apart for the reserve fund, and the remainder distributed among the milk suppliers in proportion to the quantity of milk supplied by them. In Denmark, no shares are raised; but the society borrows the amount required for equipping the dairy from a private bank, and pays up the loan out of the profits. A contribution is levied towards working expenses from each member in proportion to the number of his cows, and no interest is paid on this sum. A curious feature in Denmark is that as soon as a loan is paid off, a fresh loan is obtained and handed over to the members who have paid up the previous loan. Both the old members and such new members as may be admitted to the society proceed to pay off the new loan. The object of this device is to facilitate the admission of new members. " Old members who had borne the expense of the original loan, would naturally not admit new members to joint ownership in a property to which the latter had contributed nothing, while new members would not always be prepared to pay down at once into the reserve fund a sum equal to the individual outlay of the original members. There is thus a series of loans and repayments."

The success of a dairy naturally depends upon getting a fairly uniform supply of pure milk all the year round from its members. This is generally secured by heavily punishing dirty feeding up of cattle or adulteration. As regards supply, in Denmark every member is bound to supply all his milk to the dairy. But elsewhere the rule is not very rigidly enforced. Attempts are made, however, to secure the same object by moral persuasion and by appealing to the good sense of the members.

In India there are a few private dairies, and, I believe, no co-operative dairies. It is therefore unnecessary to do more than merely mention the advantages of co-operative dairies. They secure better organization and better terms in the market. They secure a number of bye products like skim milk and butter milk to the suppliers of milk. Lastly, dairies form a convenient channel through which improvements can easily reach the farmers. In the West, the State makes full use of this medium of instruction by means of demonstration shows, free inspection, and grants of model appliances.

Co-operative Sale Societies. These societies differ from productive societies in some essential points. Firstly, the work of the society generally consists in a change of place, in taking a thing from where it is not wanted to where it is wanted. Secondly, it cannot exactly be classed among the occupations included in agricultural industry. There is indeed scarcely any transforming process. As a rule, too, especially at the outset, the sale society is an adjunct of some other organization. As it develops, it tends to become independent. There are several types of sale societies and the problems connected with them vary according to thenature of the commodity dealt with. In Europe, the sale of co-operative lines of eggs and fruit has been undertaken on a large scale with success; for our purposes it seems enough to describe the corn societies of Germany.

These have already been referred to in connection with agricultural co-operation in Germany. They are as yet rather poorly developed. The corn societies are copied from America and resemble trusts in their tendencies. The depots, where the corn is stored until it is sold, are built either out of State funds or by a number of societies joining together for the purpose. State assistance was at first given on too lavish a scale, and the depots fell short of expectations in respect of usefulness. Now, however, small store rooms developing, as work increases, to big corn houses are coming into vogue.

As a rule, these societies are worked either as a branch of the rural credit bank (Raiffeisen system) or of the supply society-(Haas system). Of the two, the latter method is preferable. Sometimes however, the society works as an independent body.

As in the case of the dairy, the success of the corn society depends upon the loyalty of the members to the society. To carry on operations on favourable terms, the society should know before hand the extent of its corn supply. As a rule, therefore, members are required to sell all their corn through the society.

The next question of importance is whether the society should merely act as an agent for the affiliated members or should buy all their corn outright. Commission sales are fairly common, but the delay in payment of the price of the corn involved in this system is a great draw back. Some societies therefore pay about half the estimated value of the corn, the resulting profit or loss being adjusted among the members later. Sometimes, too, the corn is bought outright at the market condition that the members or loss.

The idea of federation has not been very widely carried out. Perhaps the nature of the business done does not require it. As the bulk of the corn stored by the societies is sold in local markets, and as the quality of the corn can be easily ascertained by examining the corn itself, a centralised organisation is not necessary. There is, however, an idea of having provincial depots which may, perhaps, give rise later to a national organisation.

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I have tried to show how agricultural co-operation is carried on in some of the principal European countries. The strictly co-operative part of agricultural organization as distinguished from State supported or educational institutions is in no country more than 40 years old. In some, indeed, it is only 20 years old. But within this short period it has produced marvellous results, and revolutionalized agriculture. In place of the ignorant, discontented, and poor peasantry that existed about 50 years ago, it has produced an intelligent body of agriculturists, taking a keen interest in their occupation, ready to act on new and promising ideas, and maintaining the dignity of agriculture. It has counteracted, though it has not entirely put an end to, the tendency of the rural population to migrate to the towns.

As regards results, agricultural co-operation has shown itself equal to meeting all the requirements of modern agricultural conditions. It enables the peasant to obtain money, to lay it out to the best advantage, and to dispose of the product under the most favourable conditions. It has proved capable of embracing practically all the different forms of agricultural activity. As we have seen, the combination principle has been applied with success to different purposes. "The movement has hardly yet been outlined, and already the agrarian crisis has moderated, in some parts of the country it has already come to an end. We are taking part in a real awakening of agriculture. What will it be like when the movement has developed its full proportions, when it shall have spread throughout the entire country." This was said with special reference to Belgium, but it is applicable with equal truth to the whole of Europe.

Turning to India, one notices with regret the almost entire absence of agricultural co-operation. This is all the more remarkable because India is essentially an agricultural country. It is true that the hostile interests of industry, which in most western countries gave rise to agricultural co-operation, or the existence of peculiar social and political conditions which in Belgium were the cause of the same movement, either do not exist in India, or do not exist to the same degree. But the poverty of the Indian raiyat and the backwardness of agriculture call for a remedy. The credit movement has indeed made a most promising start, but it is insufficient of itself to afford the requisite relief, and develop the resources of the country.

The Credit Society has generally been the first form of agricultural co-operation to be taken up, but in its wake have come productive societies, societies for sale and supply, and a host of similar societies. This, however, has not happened in India, and perhaps for the following reasons:—

Credit Societies do not require, at the beginning, much outlay in the shape of funds, especially where they are started on the unlimited liability basis. Things are different of course when they are fully developed. But their very success ensures funds. At the earlier stages, they require honesty, mutual knowledge and trust among their members, and these are qualities which the Indian raiyat possesses in abundance. Besides, credit is perhaps the most pressing need of the raiyat, and any attempt to provide it is sure to rouse his interests and enthusiasm. The other forms require more. They require funds, business habits and at least an elementary knowledge of trade.

Perhaps, too, the fact that the co-operative movement is so far an official movement partly accounts for the state of things in India. Official organizers are apt to work on lines which have alrea-

dy proved successful rather than try fresh fields. Anything in the nature of an experiment is naturally avoided by them. Perhaps, too, they do not find the time necessary for making investigations into fresh fields of co-operation. What is wanted is the co-operation of private people interested in the development of agricultural interests.

It has not escaped the notice of the Registrars of co-operative societies in India that the time has arrived for turning attention to forms of co-operation other than credit, and to give an all round organization to agriculture by starting societies to obtain transport facilities and to deal with the marketing of produce, productive societies, supply societies and sale societies. In dealing with the question, a sub-committee of Registrars which sat to discuss the subject say, "much might be done in every province in the matter of agricultural co-operation....., in Eastern Bengal and Assam there is scope for the co-operative supply of agricultural machinery, and a promising market for a co-operative Dairy in Dacca. We are not dealing with general agricultural requirements only, which are similar the world over, but with a complex market and the machinery of commerce. Hence there is no fundamental type of society which might be recommended for general adoption. .....Success will always be a question of minute attention to details and conditions."

The committee concluded their report with the opinion that with the help of the agricultural departments, a survey should be made in each province of the principal crops and products, the methods of cultivation, production and distribution, and the market conditions, and that co-operative methods should be used wherever the enquiry showed that they could be applied with advantage. After further discussion, a detailed survey of the whole country was considered somewhat too elaborate, and it was suggested that a beginning might be made in selected areas.

It would be interesting to know whether this humble beginning has been made, and, if so, with what result. In Mysore, the compact size of the country makes such a task comparatively easy, especially now that a special body has been constituted to deal with questions relating to the economic progress in Mysore.

The functions of the Economic Conference are both propagandist and educational. Its first business is to start investigations into the economic condition of Mysore, to compare it with the conditions of other countries, and, by means of such comparison, to bring home to the people a knowledge of the directions in which improvement is needed. Its next business is to suggest means of such improvement.

The plan on which the conference should set itself to work and the object to which it should direct its attention are thus outlined:—"The number of workers in the community, particularly skilled workers, should be increased, and their occupations multiplied. Agriculture, which is our present staple industy, should be practised on more scientific lines. The cultivators should learn to estimate the cost of production, and should be taught the elementry mechanical trades which have relation to agriculture. Manufactures and trade, the chief instruments for increasing wealth, should be specially encouraged. We must train skilled workers in wood, iron, clay, leather, and textiles, and endeavour to provide ourselves with our everyday cardinal wants." Development of agriculture and agricultural industry are thus within the purview of the conference, and its constitution seems to place it in an exceptionally good position for achieving the objects for which it was established.

The Mysore agriculturist has always been the object of the special solicitude of the Government. Free alike from vexatious taxes or hampering laws, he is allowed to pursue and develop his occupation in peace. The fixing of the land tax is always most carefully done, and where it errs, it errs on the side of generosity. And the Government is always prepared to make special concessions if sufficient reasons exist. The system of land tenure is admittedly good, securing a fixity of tenure to the raiyat, while reserving to the Government the right to the unearned increment of land. Full liberty is given to the holder to renounce his holding whenever he thinks it is to his advantage to do so. Special concessions are shown to certain kinds of agricultural holdings. The advantages of using chemical manures and of agricultural machinery are demonstrated to raiyats. Shows and exhibitions are frequently held to educate and encourage agriculturists.

The Government also supply a mass of useful information to the public on various questions of agricultural interest. Persons specially trained in European and American methods of agriculture are placed at the disposal of raiyats to help them with scientific or practical advice.

Apart altogether from this technical and educational work, the Government have also rendered financial help. Naturally enough success here has been but partial. The agricultural bank scheme which was tried some years ago did not come up to exceptations. The system of takavi advances has proved more useful. But the greatest success has attended the co-operative movement, as naturally so because the stimulus for improvement comes from the people themselves.

These and a number of other causes of which I have no knowledge, or which I have not referred to here, must have materially improved agricultural conditions in Mysore. A careful comparison, if such were possible, of the conditions prevailing before the days of co-operation with those now prevailing would not only show the extent of this progress, but would also serve as a guide to future action. The credit movement has taken a firm root in Mysore. It has no doubt accomplished much, but the work done is insignificant compared to the work still remaining to be done. There are large tracts where as yet no credit societies have been organised. There are forms of agricultural co-operation which have not yet been thought of. Nothing has yet been done in the matter of federation for general purposes, and little in that for business purposes.

A matter of the utmost importance to the progress of co-operation in the State is a central educational and propagandist body. One on the lines of Agricultural Organization society in England or Ireland would answer the purpose admirably. For some time to come, the Registrar will probably continue to be the moving spirit and leader of the movement; but the influence, and knowledge, which such a body would be able to command, cannot be

exaggirated. It would not only make rapid expansion possible but would also give the movement a popular, instead of its present official, character. A provincial conference was recently held in Mysore. The good sense, sound judgment, keen interest, and sincere enthusiasm displayed by the members should set at rest any lingering doubts as to the experimental nature of the co-operative movement, and of its usefulness to the development of the country. It is to be hoped that such conferences will become periodical.

A very possible danger, where the State and a private body are both interested in the same object, is that, in spite of the best relations existing between them, frictions are sometimes apt to arise. I came across an instance of this kind in Ireland. There, the State Department of Agricultural and Technical instruction and the Irish Agricultural Organization Society are both interested in the development of agricultural co-operation. As a rule, the two bodie, work in perfect harmony. In connection, howevers with the inspection of diaries the Department claimed certain powers which the society was not disposed to recognise. There was disagreement and unpleasantness between the two. I remember attending a meeting at Limerick at which, after some preliminary business, the Secretary of the Society, Mr. Anderson, vehemently criticised the action of the department as unwarranted and as an usurpation of the society's privileges. Some justification for the Department's claim was advanced by one or two of the speakers, but the general sense of the meeting was against the Department. I believe that a compromise has now been arrived at. In this particular instance, the point of difference was a small one, but one can easily imagine cases where a compromise would be difficult if not impossible. In Mysore, such a state of things is not likely to happen as the Government and the Economic Conference work in perfect harmony.

Co-operation helps the agriculturist in three ways: it helps him to make the best use of his soil, it enables him to adapt his produce to the requirements of the market, and it establishes satisfactory relations between him and the outside market. In Mysore, what has been done so far is to help the raiyat to make better use of his holding. The credit banks supply him with funds with which he can obtain manure, seeds, or machinery. It is to be feared that as yet the funds of the banks have not been very extensively used for the objects mentioned, but for some such necessary purposes as paying off old debts. It therefore appears that success is likely to attend an attempt to start societies for the purchase of manures, seeds, and agricultural machinery of the cheaper kind, Such societies would indeed appear to be necessary.

It is rather too common to say that the ignorance of the Indian raiyat renders any attempt to improve agricultural methods abortive. This has been said of the agriculturists of almost every country, but it has not prevented co-operation from being a triumphant success. Indeed it is precisely because the agriculturist is ignorant or inert or unenterprising that he requires the aid of co-operation. In some, at least, of the countries of the West, it is to co-operation that the agriculturists owe their intelligence, prosperity, and spirit of enterprise.

Such considerations apart, whatever may be the case with the Indian raiyat in general, the Mysore raiyat is not the hopelessly ignorant person he is sometimes considered to be. When once he is convinced that a given method is to his interest, he will take to it, slowly perhaps at first, but surely. The credit movement is an instance in point. The agriculturist all over the world is always rather conservative in his habits, and the Mysore raiyat may, perhaps be a trifle more so than others. Further, to tell a man that he is stupid serves no useful purpose. It certainly does not make him better, and may possibly make him worse. To coax him into being less ignorant is not only better taste but also better policy.

Altogether, there appears to be no adequate reason why supply societies, confining at first, to agricultural requirements, but undertaking, later, the supply of household requirements should not meet with success.

For lack of adequate knowledge of local conditions, I can say nothing regarding the feasibility of starting societies for transforming produce or for establishing better relations between the raiyat and his market. Probably the starting of dairies could be successfully undertaken in the neighbourhood of at least some of the bigger towns in the State. Also, perhaps, institutions for the common sale of some kinds of grain.

However, doubtful may be the prospect of an immediate success or failure, it does appear necessary that agricultural co-operation should be undertaken on a wider scale than is being done now. The possibility of the raiyats being unable to appreciate its value should not deter an attempt from being made to demonstrate its advantages. Agricultural organization is the crying need of the country, and, though failure may attend a few of the earlier attempts, ultimate success is, I venture to assert, certain. "Co-operation is not only *a*, but *the* corner stone in the development of modern agriculture."